



Western Australia

# Annual Report

For the year ending 30 June 2017

Adopted by Council 16 December 2017

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## SHIRE DETAILS



### 2016-17 Annual Report

#### Shire Information

Murchison Shire Location	3007 Carnarvon Mullewa Road, Murchison WA 6630
Shire Office and Chambers	PO Box 61, MULLEWA WA 6630
Postal Address	
Telephone	(08) 9963 7999
Facsimile	(08) 9963 7966
E-mail	<a href="mailto:admin@murchison.wa.gov.au">admin@murchison.wa.gov.au</a>
Web Page	<a href="http://www.murchison.wa.gov.au">www.murchison.wa.gov.au</a>
Office Hours	8.00am to 5.00pm Monday to Friday
Road Condition Reports	24 Hours/7 Days at <a href="http://www.murchison.wa.gov.au/road_conditions">www.murchison.wa.gov.au/road_conditions</a>

The Shire of Murchison covers an area of approximately 49,500 square kilometres in the Murchison sub region of Western Australia which consists of 7 shires. The Shire Settlement is situated on 708 hectares excised from the Wooleen pastoral lease and vested in the Council 200 km north of Mullewa on the Carnarvon Mullewa Road.

#### History of the Shire

The name of Murchison was given to the region back in 1839 by early explorer Lt George Grey. He named the area in honour of Sir Roderick Impey Murchison who was the President of the Royal Geographical Society of London. The Murchison and Roderick rivers were also named in his honour. The Shire's logo is based on the coat of arms of the Murchison family.

#### Population and Employees

With a population of 157 (Australian Bureau of Statistics 2016) and 112 electors, Murchison is the second least populated Local Government in Australia. Another unique feature is that it is thought to be the only Shire in Australia without a gazetted town site. The District and Shire centre is the Murchison Settlement, population nineteen. Council has 12 full time employees.

#### Location of Shire and Industry

The Shire of Murchison lies within the Mid West region of Western Australia. The Settlement is 650 kilometres north of Perth via the Carnarvon Mullewa road and 300 kilometres north east of Geraldton.

The surrounding country is mainly used for pastoral purposes, predominantly cattle and sheep. Tourism is developing within the region with some stations becoming involved in station stays and with the Murchison Oasis Caravan Park and motel units located at the settlement providing facilities for tourists. The Murchison Radio Astronomy site (MRO) has been developed by CSIRO on a portion of the Boolardy pastoral lease and will be the location for the Australian component of the Square Kilometre Array which will be developed in future years as part of an international ground breaking science project with state of the art radio telescopes gathering data on the universe and beyond. There are also a few mines in exploration stage within the shire.

### Legend of the Emblem

The crest we use in the shire today is based on the Murchison Family Coat of Arms. The Murchison family name originated in the remote western coast of Scotland and the Hebrides Islands. The crest is comprised of a lion rampant on an Or (gold) backing, between two pineapples on chief vert (green) and an escallop in base azure (blue).



### Western Australia

- OR - GOLD** In heraldry indicates generosity, valour and perseverance - all characteristics of Murchison people.
- VERT - GREEN** Represents hope vitality and plenty.
- AZURE - BLUE** Indicates loyalty and splendour.
- PINEAPPLES** Have long been the traditional symbol of hospitality and good fortune; a pleasant connotation—Mt Welcome.
- ESCALLOP** Indicates travel and can mean having been on Holy Crusade

## PRESIDENT'S REPORT



Hello All,

I feel the Shire of Murchison has had a productive 2016/2017 financial year, performing the usual services of road maintenance, Settlement upkeep and office support for community needs, while continuing with or completing a couple of new initiatives.

Sadly, some long term Murchison families moved away from the district during this time and I wish Natalie and Simon, Carolyn and Mark, and Bridget and Reg all the best in their future endeavours.

From a Shire perspective, I would like to thank Simon and Mark for their many years of community service as local council members.

In late April Tom Seaman passed away, which was a sad time for the district. Our condolences to the Seaman family.

Dianne Daniels stood down as CEO in June and has been replaced by our former deputy CEO Peter Dittrich. Council was pleased to be able to “recruit from within” in employing Peter because it enabled him to hit the ground running, so to speak. We wish Dianne and John all the best as they set up camp in Geraldton.

The office admin crew was very stable throughout the year, providing consistent good service to those that required it and I thank them very much for that.

The two significant flood damage road repair contracts being carried out within the Shire were completed by June the 30<sup>th</sup> and by all accounts the restored roads were certainly appreciated by locals and visitors alike. The Shire continues to be a bit frustrated at the unnecessarily long time it seems to take between a major flood event and actually getting crews on the roads to begin restoration work and we appreciate the community's patience with this. The flood damage process -which involves declaration by Government that the flood event is a natural disaster, an inspection by an approved engineer accompanied by our works supervisor, sending the application to the Federal Govt for approval and then, if approval is given, calling for and awarding tenders - always seems to take a fair while, regardless of best intentions.

The road construction and maintenance crews continue their seemingly never ending programmes under the guidance of Brian Wundenburg, with good access throughout the shire being reward for their persistent efforts.

Speaking of Brian, he had a nasty prang with his arm versus a sign last summer and, while I don't have to live with him all the time and listen to him complaining like poor old Sharon does, he seems to have come through the re-hab pretty well and it is good to have him back on deck.

The Settlement grounds and the roadhouse continue to provide a welcoming atmosphere for those visiting and I thank all those involved.

Some motions that have come before Council recently include:

- ◆ Community Branding
- ◆ Settlement drinking water supply
- ◆ Settlement power supply options
- ◆ SKA access road agreement negotiations
- ◆ Implementing a grid policy
- ◆ Extensive research into the most practical way forward for the future of the Beringarra/Cue road surface.
- ◆ Awarding the tender for the extending of the sealed road south of the Balinyoo Bridge

At the Christmas-Tree function held in December, in recognition of their outstanding volunteer contributions to the community over an extended period of time, awards were presented to Carol McTaggart, Carolyn Halleen and Natalie Broad. Having people of substance, such as these three, within our shire certainly provides some good energy to just “get things done”.

It has been really heartening to see a young family move into the district at Murgoo and I welcome Jocelyn, Josh, Bella and Eliza. We also have new owners at Tallering, Wandina and Pine Grove and it’s great to see positive change happening at these places.

Thank you to my fellow councillors – I have enjoyed being part of a team that I feel has done some good work in helping the district navigate through another year.

The Shire Council exists to represent the best interests of the community and I encourage all community members to contact councillors with any questions, suggestions or issues relating to the Shire they may have. Also please remember everyone is welcome to attend Ordinary Council Meetings.

Rossco Foulkes-Taylor

President

Shire of Murchison

## ELECTED MEMBERS REPORT

### Councillors

As at 30 June 2017:

President:	Cr Roscco Foulkes-Taylor	Term expires 2019
Deputy President:	Cr Miles Williams	Term expires 2017
Members:	Cr Quinten Fowler	Term expires 2019
	Cr Andrew Whitmarsh	Term expires 2019
	Cr Emma Foulkes-Taylor	Term expires 2017
	Cr Simon Broad	Retired December 2016
	Cr Mark Halleen	Retired March 2017

### Attendance at Council Meetings

There were 11 Ordinary Meetings and 2 Special Meetings of Council held between 1 July 2016 and 30 June 2017. A breakdown of Councillors' presence at meetings is detailed in the table below, for Councillors that are and have been in office during the financial year.

Councillor	Ordinary Meeting	Special Meeting
President Roscco Foulkes-Taylor	11/11	7/7
Deputy President Miles Williams	10/11	7/7
Cr Andrew Whitmarsh	10/11	7/7
Cr Quinten Fowler	2/2	2/2
Cr Emma Foulkes Taylor	11/11	7/7
Cr Simon Broad	6/6	1/1
Cr Mark Halleen	8/8	2/2

There were seven Special Meetings of Council held during the 2016-17 financial year:

1. Meeting to review Draft Budget;
2. Meeting to discuss CEO review and road inspection
3. Meeting to elect Office Bearers, to review/adopt Strategic Community Plan, and to discuss the Annual Road Inspection
4. Meeting to consider the vacancy left by the resignation of President Halleen
5. Meeting to consider the process for the selection of a new CEO; and to appoint Delegates to Murchison Country Zone of WALGA and to nominate representatives from the Delegates to participate in the Murchison Country Zone of WALGA extra-ordinary elections for Delegate and Deputy Delegate to WALGA State Council
6. Meeting to discuss Budget Variation – swap 16/17 and 17/18 Regional Road Group Projects
7. Meeting to interview an applicant for the Chief Executive Officer position

Other internal meetings attended included Audit Committee, Local Emergency Management Committee, Plant Working Group, Wild Dog Working Group, Astrofest Committee, Tender Assessment Panels, and Bridge Opening Committee.

External meetings attended as Council representatives included Regional Road Group and Murchison sub Regional Road Group, SKA Stakeholders and WALGA Zone Meeting (Cue Parliament).

## CHIEF EXECUTIVE OFFICER'S REPORT

During the 2016-17 Financial Year two staff left the Shire. The CEO Dianne Daniels retired in June 2017. We are grateful for her leadership and the dedication that she displayed during her term as CEO. We wish her and John well in their retirement. Also in August 2016 Linda Grey left the Shire to join the Shire of Lake Grace as Deputy CEO.

The Shire is fortunate to have a dedicated and committed Council. With their leadership and a motivated staff we have a strong team working for our community.

The replacement of the Ballinyoo Bridge was a major project which the community and successive councils and CEO's worked tirelessly to achieve. The opening of the bridge in September was well received and attended. Thank you to all those that gave their time to ensuring the success of this project.

The January/February rain event which caused extensive damage across the state resulted in \$6.4mil damage within our Shire. The repair work will be funded by WANDRRA and it is expected that contractors will begin working on the damaged areas in early 2017-18. The Shire will establish a line of credit to manage cash flows during the project to cover the gap between contractor payment made by the Shire and reimbursement from WANDRRA.

An Extraordinary Local Government election was held in April 2017. We had one seat vacant in the Darlot Ward. We welcomed Cr Quinten Fowler to the Council who replaces the retired Cr Simon Broad. The ward system was reviewed during the year and Council adopted a district system and elections will no longer be held for wards but rather for the Shire as a whole.

The Lawn Bowls Rink was installed and ready for a Christmas party roll. 2016-17 didn't see the rink put to a lot of use and so we are keen for community members to join together and make the most of this great facility. Bunbury Bowling Club donated sets of used bowls and the Shire purchased a number of new bowls. The bowls are available for community member use.

The Shire of Murchison is one of the very few Local Governments in WA to provide water and power to the community. At the start of the 2017 calendar year one of the settlement generators ceased and was replaced by a quieter and more powerful generator. A large portion of the cost was funded by insurance.

A community workshop was held during the year to review the Community Strategic Plan. I wish to thank all those that participated in the workshop and in the related surveys. This work has allowed your council to drive the strategic vision of the community, which is documented in the Shire of Murchison Strategic Community Plan.

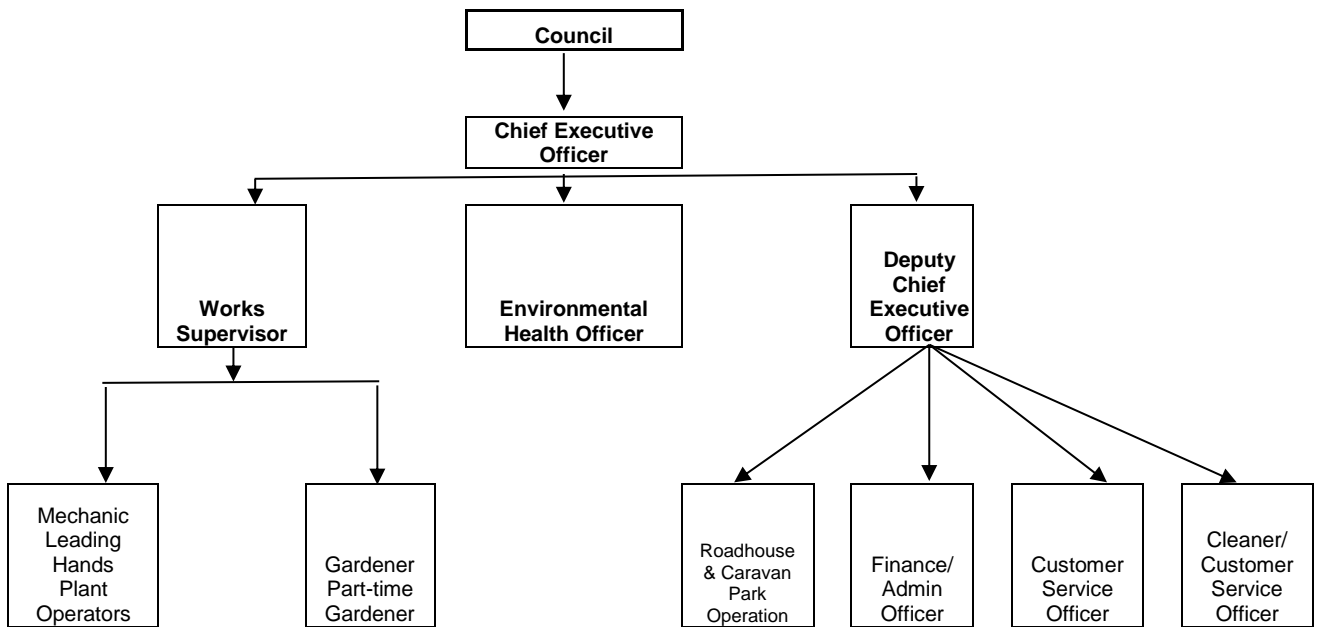
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Peter Dittrich  
Chief Executive Officer  
5<sup>th</sup> December 2017



# SHIRE OF MURCHISON ORGANISATION STRUCTURE

Structure as at 30<sup>th</sup> June 2017



## **Administration Staff**

Chief Executive Officer  
 Deputy Chief Executive Officer  
 Finance Officer/Administration Officer  
 Customer Service Officer  
 Cleaner/Customer Service Officer (Part Time)

Mr Peter Dittrich  
 Vacant  
 Mrs Sharon Wundenberg  
 Mrs Peta Panting  
 Mrs Vicki Dumbris

## **Works Staff**

Works Supervisor  
 Leading Hand - Construction  
 Leading Hand – Maintenance  
 Mechanic  
 Plant Operator  
 Plant Operator  
 Plant Operator  
 Plant Operator  
 Plant Operator  
 Gardener  
 Gardener (Part Time)

Mr Brian Wundenberg  
 Mr Barry Panting  
 Mr Neil Combe  
 Mr Stuart Broad  
 Mr Glen Pinnegar  
 Mr Ivor Dumbris  
 Mr William Herold  
 Vacant  
 Mr Mark Jones  
 Mr Ryan Prow  
 Mr Jarrod Flynn

## **Environmental Health Officer/Building Surveyor**

Mr Phillip Swain

## **Contract Ranger**

Mr Peter Smith – Canine Control

## STRATEGIC COMMUNITY PLAN

Pursuant to Section 5.56 of the Local Government Act 1995 and Regulations 19C and 19DA of the Local Government (Administration) Regulations 1996, “a local government is to ensure that a strategic community plan is made for its district” and “a local government is to ensure that a corporate business plan is made for its district”.

Section 5.53(e) of the Local Government Act 1995 requires local governments to include in its Annual Report an overview of the Plan for the Future including major initiatives planned to commence or continue in the next year. In accordance with Integrated Planning and Reporting Requirements, the Shire of Murchison has developed a ten year Strategic Community Plan, a fifteen year Long Term Financial Plan and a four year Corporate Business Plan.

The shire’s vision is ***working together to preserve the unique character of the shire, supporting diverse and sustainable lifestyle and economic opportunities.***

The Strategic Community Plan was originally developed in 2013, after extensive community consultation to cover the four major categories of Economic, Environmental, Social and Civic Leadership. The Plan reflects the Community’s vision for the future and is the principal strategic guide for our future planning and activities. A full review of the plan was undertaken and the revised 2016/17 to 2026/27 Strategic Community Plan was adopted by absolute majority of Council on the 29<sup>th</sup> March 2017.

Major items included in the plan for the next four years are:-

Action	Project	2017-18 \$	2018-19 \$	2019-20 \$	2020-21 \$
4.3.1.2	Plant replacement	608,215	958,636	461,132	493,978
4.3.1.2	Plant and equipment renewals - minor plant	15,000	15,300	15,606	15,918
3.1.1.1	Chlorinator	50,000			
2.3.1.2	Fertigation	15,000			
2.2.1.1.	Green energy solution		1,100,000		
3.2.1.3	DFES - fast attack			120,000	
1.1.1.3	Road construction and renewal	7,307,942	1,402,899	1,424,529	1,826,808
3.1.1.1	Other Infrastructure	7,677			
1.1.1.3	Historic Ballinyoo bridge span	15,000			
3.1.1.3	Cemetery beautification	20,000			
1.1.1.3	Storage bunkers for road building materials		25,000		
4.3.1.2	Furniture and equipment renewals	15,000	15,300	15,606	15,918
1.2.1.1	Interpretive centre		1,500,000		
1.2.1.2	Backpackers accommodation and campers kitchen		500,000		
3.1.1.1	Extend administration offices				500,000
3.1.1.1	Sheds for residential houses	62,000			
3.1.1.1	Staff housing	750,000			
3.1.1.1	Administration office carports				45,000
3.2.1.3	First aid transfer room	80,000			
3.1.1.1	Sports club bbq rotunda		30,000		
3.1.1.1	Tyre storage	10,000			
3.1.3.2	Community centre - renewal		50,000		

## **NATIONAL COMPETITION POLICY**

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses.

Local government will also be affected where local laws unnecessarily affect competition.

Local Government is required to comply with certain policies contained within the National Competition Policy Statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

It is Council's responsibility to determine whether it is engaged in "significant business activities" within the context of its operations and therefore whether it is required to apply the competitive neutrality principles. Local government is only required to implement the above principles to the extent that the benefits to be realised from implementation outweigh the costs in respect of individual business activities exceeding an annual income of \$500,000.

Regarding Council's responsibilities in relation to National Competition Policy and Competitive Neutrality, the Shire reports that:

- ◆ Council does not undertake any business enterprises that are classified as either a Public Trading Enterprise or Public Financial Enterprise.
- ◆ Competitive neutrality has not been applied to any activities undertaken by the Shire in 2016-17 and no allegations of non-compliance with competitive neutrality principals have been made by any private entity.
- ◆ The Shire continues to monitor Council Polices and Local Laws for anti-competitive practices.

## **REGISTER OF CERTAIN COMPLAINTS OF MINOR BREACHES**

*Local Government Act sections 5.121 and 5.110 (6) (b) or (c)*

The Act requires the annual report to contain details about entries made during the financial year in the register of complaints, including-

- the number of complaints; and
- how the recorded complaints were dealt with; and
- any other details that the regulations may require.

Generally a minor breach is a breach of a local law or code of conduct and the action taken may be public censure, making the person say sorry or sending them to training. A register must be kept of all such breaches.

The Shire of Murchison, in accordance with s5.120 of the Local Government Act 1995, does not have a designated Complaints Officer and so the Chief Executive Officer fulfils this role in terms of subsection (2).

The Shire reports no complaints as defined under s5.110 (6) (b) or (c) of the Act for the period ending 30 June 2017.

## **PUBLIC INTEREST DISCLOSURES**

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer is the designated responsible officer under the Act and has complied with all obligations. There were no disclosures or complaints lodged during 2016-17.

## **DISABILITY ACCESS AND INCLUSION PLAN**

The Disability Services Act 1993 states at 29 (2) that a local government or regional local government that has a disability access and inclusion plan must include in its annual report prepared under section 5.53 of the Local Government Act 1995 a report about the implementation of the plan.

The Murchison Shire Council Disability Access & Inclusion Plan was originally adopted in July 2008, then reviewed in the later part of 2015 and the review adopted by Council in February 2016, after community consultation. The Disability Access and inclusion Plan 2016–2020 includes seven outcomes and underpinning strategies to ensure that people with disability have the same opportunities as other people to access the services of public authority.

The seven outcomes and achievements against strategies for 2016-17 are:

1. People with disability have the same opportunities as other people to access the services of and any events organised by a public authority.  
Achievement against Strategies:
  - Shire services are monitored to ensure equitable access and inclusion, especially in regard to events being organised or funded;
  - the DAIP is considered a living document and is inclusive to all shire plans and strategies.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of public authority.  
Achievement against Strategies:
  - consideration is given to providing wheelchair access for all new development works;
  - all recreational areas are accessible.
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.  
Achievement against Strategies:
  - All Shire information is available in alternative format upon request;
  - Staff are aware;
  - Website meets contemporary good practice.
4. People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.  
Achievement against Strategies:
  - Staff and Council are aware of disability issues and provide a high standard of customer service to all who attend the Shire.
5. People with disability have the same opportunities as other people to make complaints to public authority.  
Achievement against Strategies:

- Grievance mechanisms are in place, but have not yet been utilised by any people with disability.
6. People with disability have the same opportunities as other people to participate in any public consultation by a public authority.
- Achievement against Strategies:
- Through our website, people with disability are encouraged to participate in any public consultation.
7. People with disability have the same opportunity as other people to obtain and maintain employment with public authority.
- Achievement against Strategies:
- People with disability are encouraged to apply for any employment with the Shire.

## INFORMATION ABOUT CERTAIN EMPLOYEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2017

In accordance with Section 5.53 (2) (g) of the Local government Act 1995 and Regulation 19B of the Local Government (Administration) Regulations 1996, there are two employees entitled to an annual salary of \$100,000 per annum or more.

The following information relates to employee remuneration bands and the number of employees within each band:

Salary Band	Number of Employees
\$100,000 to \$109,999	
\$110,000 to \$119,999	0
\$120,000 to \$129,999	1
\$130,000 to \$139,999	1

## FREEDOM OF INFORMATION

The *Freedom of Information Act 1992* (FOI Act) that came into effect on 1 November 1993, created a general right of access to documents held by state and local government agencies. The FOI Act requires agencies, including local governments, to make available details about the kind of information they hold and enables persons to ensure that personal information held by government agencies about them is "accurate, complete, up to date and not misleading".

It is the aim of the Shire of Murchison to make information available promptly, at the least possible cost and wherever possible, documents will be provided outside the freedom of information (FOI) process.

An updated information statement will be published at least every twelve months. It is intended that the statement be included in the Annual Report and received each year at the Annual Electors meeting.

Section 96(1) of the Freedom of Information Act 1992 requires each government agency, including local governments, to prepare and publish annually an Information Statement. The Information Statement must set out: -

- ◆ The Agency's Mission Statement.

- ◆ Details of legislation administered.
- ◆ Details of the agency structure.
- ◆ Details of decision-making functions.
- ◆ Opportunities for public participation in the formulation of policy and performance of agency functions.
- ◆ Documents held by the agency.
- ◆ The operation of FOI in the agency.

The Shire of Murchison Information Statement 2017 is attached.

## RECORD KEEPING

### Background

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed matter. An organisation and its employees must comply with the organisations record keeping plan.

The Shire of Murchison has prepared a Record Keeping Plan that is considered to comply with the Act.

The record keeping plan is to provide evidence to address that –

- ◆ The efficiency and effectiveness of the shires record keeping system is evaluated not less than once every 5 years.
- ◆ The shire conducts a record keeping training program.
- ◆ Information sessions are conducted for staff as required.
- ◆ The Shire's Induction Program for new employees includes an introduction to the local government's recordkeeping system and program, and information on their recordkeeping responsibilities.

### Review

The State Records Act 2000 s.28 (5) requires that Records Keeping Plan must be reviewed at least every five years. Between reviews, the implementation/continuation of requirements is to be further developed.

The Shire of Murchison completed a full review of its' record keeping plan in November 2013 which was submitted to and accepted by the State Records Office. A review of the original plan is underway and will be presented to Council well before the November 2018 deadline.

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

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Principal place of business:  
Carnarvon - Mullewa Road  
Murchison Settlement  
Western Australia

SHIRE OF MURCHISON  
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 being the annual financial report and supporting notes 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 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 Fifth day of December 2017

A handwritten signature in black ink, appearing to read 'Peter Dittrich', written over a horizontal line.

Peter Dittrich  
Chief Executive Officer



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

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	21	382,924	380,726	372,152
Operating grants, subsidies and contributions	28	10,146,884	10,701,560	5,163,850
Fees and charges	27	254,610	233,166	221,016
Interest earnings	2(a)	91,668	63,158	173,855
Other revenue	2(a)	238,816	10,050	126,624
		<u>11,114,902</u>	<u>11,388,660</u>	<u>6,057,497</u>
<b>Expenses</b>				
Employee costs		(1,070,684)	(1,209,399)	(992,211)
Materials and contracts		(4,278,992)	(4,245,112)	(5,300,383)
Utility charges		(1,713)	0	0
Depreciation on non-current assets	2(a)	(3,177,662)	(3,186,203)	(3,210,329)
Insurance expenses		(165,338)	(178,104)	(171,171)
Other expenditure		(142,707)	(131,929)	(122,558)
		<u>(8,837,096)</u>	<u>(8,950,747)</u>	<u>(9,796,652)</u>
		2,277,806	2,437,913	(3,739,155)
Non-operating grants, subsidies and contributions	28	1,442,989	1,100,259	1,472,999
Profit on asset disposals	19	0	500	0
(Loss) on asset disposals	19	(4,670)	(88,563)	(94,903)
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(24,579)
(Loss) on revaluation of Infrastructure - Bridges	7(b)	(90,983)	0	0
<b>Net result</b>		<b>3,625,142</b>	<b>3,450,109</b>	<b>(2,385,638)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	1,873,064	0	(14,218)
<b>Total other comprehensive income</b>		<b>1,873,064</b>	<b>0</b>	<b>(14,218)</b>
<b>Total comprehensive income</b>		<b>5,498,206</b>	<b>3,450,109</b>	<b>(2,399,856)</b>

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

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Governance		19,439	8,940	13,500
General purpose funding		5,748,433	3,912,643	2,228,128
Law, order, public safety		16,414	7,700	10,746
Housing		3,825	4,290	3,345
Community amenities		0	0	255
Recreation and culture		1,817	1,000	3,140
Transport		4,856,869	7,146,543	3,454,470
Economic services		313,053	217,992	234,170
Other property and services		155,052	89,552	109,743
		<u>11,114,902</u>	<u>11,388,660</u>	<u>6,057,497</u>
<b>Expenses</b>				
Governance		(501,336)	(517,807)	(394,462)
General purpose funding		(29,082)	(31,205)	(28,883)
Law, order, public safety		(91,384)	(85,801)	(85,007)
Health		(18,121)	(24,370)	(23,710)
Housing		(5,420)	(4,290)	(11,110)
Community amenities		(43,649)	(89,503)	(69,063)
Recreation and culture		(318,638)	(286,611)	(263,909)
Transport		(7,081,555)	(7,060,255)	(8,097,051)
Economic services		(821,977)	(830,120)	(771,331)
Other property and services		74,066	(20,785)	(52,126)
		<u>(8,837,096)</u>	<u>(8,950,747)</u>	<u>(9,796,652)</u>
		2,277,806	2,437,913	(3,739,155)
Non-operating grants, subsidies and contributions	28	1,442,989	1,100,259	1,472,999
Profit on disposal of assets	19	0	500	0
(Loss) on disposal of assets	19	(4,670)	(88,563)	(94,903)
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(24,579)
(Loss) on revaluation of Infrastructure - Bridges	7(b)	(90,983)	0	0
<b>Net result</b>		<u><b>3,625,142</b></u>	<u><b>3,450,109</b></u>	<u><b>(2,385,638)</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	1,873,064	0	(14,218)
<b>Total other comprehensive income</b>		<u><b>1,873,064</b></u>	<u><b>0</b></u>	<u><b>(14,218)</b></u>
<b>Total comprehensive income</b>		<u><u><b>5,498,206</b></u></u>	<u><u><b>3,450,109</b></u></u>	<u><u><b>(2,399,856)</b></u></u>

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

**SHIRE OF MURCHISON**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	10,648,447	4,510,486
Trade and other receivables	4	77,972	3,132,342
Inventories	5	153,781	153,985
<b>TOTAL CURRENT ASSETS</b>		<u>10,880,200</u>	<u>7,796,813</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	1,795	1,795
Property, plant and equipment	6	10,115,906	10,115,740
Infrastructure	7	72,313,464	70,999,204
<b>TOTAL NON-CURRENT ASSETS</b>		<u>82,431,165</u>	<u>81,116,739</u>
<b>TOTAL ASSETS</b>		<u>93,311,365</u>	<u>88,913,552</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	360,159	1,484,138
Provisions	9	118,147	111,432
<b>TOTAL CURRENT LIABILITIES</b>		<u>478,306</u>	<u>1,595,570</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	43,645	26,774
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>43,645</u>	<u>26,774</u>
<b>TOTAL LIABILITIES</b>		<u>521,951</u>	<u>1,622,344</u>
<b>NET ASSETS</b>		<u>92,789,414</u>	<u>87,291,208</u>
<b>EQUITY</b>			
Retained surplus		27,637,306	27,480,745
Reserves - cash backed	10	5,549,696	2,081,115
Revaluation surplus	11	59,602,412	57,729,348
<b>TOTAL EQUITY</b>		<u>92,789,414</u>	<u>87,291,208</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>27,566,566</b>	<b>4,380,932</b>	<b>57,743,566</b>	<b>89,691,064</b>
Comprehensive income					
Net result		(2,385,638)	0	0	(2,385,638)
Changes on revaluation of assets	11	<u>0</u>	<u>0</u>	<u>(14,218)</u>	<u>(14,218)</u>
Total comprehensive income		(2,385,638)	0	(14,218)	(2,399,856)
Transfers from/(to) reserves		2,299,817	(2,299,817)	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2016</b>		<b>27,480,745</b>	<b>2,081,115</b>	<b>57,729,348</b>	<b>87,291,208</b>
Comprehensive income					
Net result		3,625,142	0	0	3,625,142
Changes on revaluation of assets	11	<u>0</u>	<u>0</u>	<u>1,873,064</u>	<u>1,873,064</u>
Total comprehensive income		3,625,142	0	1,873,064	5,498,206
Transfers from/(to) reserves		(3,468,581)	3,468,581	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2017</b>		<b><u>27,637,306</u></b>	<b><u>5,549,696</u></b>	<b><u>59,602,412</u></b>	<b><u>92,789,414</u></b>

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

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

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		383,505	378,146	375,838
Operating grants, subsidies and contributions		12,769,557	10,316,720	2,985,061
Fees and charges		254,610	233,166	221,016
Interest earnings		91,668	63,158	173,855
Goods and services tax		431,116	0	403,241
Other revenue		238,816	10,050	126,624
		<u>14,169,272</u>	<u>11,001,240</u>	<u>4,285,635</u>
<b>Payments</b>				
Employee costs		(1,042,937)	(1,209,399)	(1,008,899)
Materials and contracts		(5,406,928)	(4,714,312)	(4,282,557)
Utility charges		(1,713)	0	0
Insurance expenses		(165,338)	(178,104)	(171,171)
Goods and services tax		0	0	(696,926)
Other expenditure		(142,707)	(131,929)	(122,558)
		<u>(6,759,623)</u>	<u>(6,233,744)</u>	<u>(6,282,111)</u>
<b>Net cash provided by (used in) operating activities</b>	12(b)	<u>7,409,649</u>	<u>4,767,496</u>	<u>(1,996,476)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(316,481)	(1,294,522)	(768,607)
Payments for construction of infrastructure		(2,414,559)	(4,540,649)	(5,534,927)
Non-operating grants, subsidies and contributions		1,442,989	1,100,259	1,472,999
Proceeds from sale of fixed assets		16,363	105,863	133,636
<b>Net cash provided by (used in) investment activities</b>		<u>(1,271,688)</u>	<u>(4,629,049)</u>	<u>(4,696,899)</u>
<b>Net increase (decrease) in cash held</b>		6,137,961	138,447	(6,693,375)
Cash at beginning of year		4,510,486	4,510,485	11,203,861
<b>Cash and cash equivalents at the end of the year</b>	12(a)	<u><u>10,648,447</u></u>	<u><u>4,648,932</u></u>	<u><u>4,510,486</u></u>

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

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

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		4,180,997	1,572,752	7,104,899
		<u>4,180,997</u>	<u>1,572,752</u>	<u>7,104,899</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		19,439	8,940	13,500
General purpose funding		5,365,509	3,531,917	1,855,976
Law, order, public safety		16,414	7,700	10,746
Housing		3,825	4,290	3,345
Community amenities		0	0	255
Recreation and culture		1,817	1,000	3,140
Transport		4,856,869	7,147,043	3,454,470
Economic services		313,053	217,992	234,170
Other property and services		155,052	89,552	109,743
		<u>10,731,978</u>	<u>11,008,434</u>	<u>5,685,345</u>
<b>Expenditure from operating activities</b>				
Governance		(504,972)	(519,962)	(394,462)
General purpose funding		(29,082)	(31,205)	(28,883)
Law, order, public safety		(91,384)	(85,801)	(85,007)
Health		(18,121)	(24,370)	(23,710)
Housing		(5,420)	(4,290)	(11,110)
Community amenities		(43,649)	(89,503)	(69,063)
Recreation and culture		(318,638)	(286,611)	(276,693)
Transport		(7,082,589)	(7,146,663)	(8,179,170)
Economic services		(821,977)	(830,120)	(771,331)
Other property and services		74,066	(20,785)	(52,126)
		<u>(8,841,766)</u>	<u>(9,039,310)</u>	<u>(9,891,555)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	19	0	(500)	0
Loss on disposal of assets	19	4,670	88,563	94,903
Movement in employee benefit provisions (non-current)		16,871	0	2,006
Depreciation and amortisation on assets	2(a)	3,177,662	3,186,203	3,210,329
<b>Amount attributable to operating activities</b>		<u>9,270,412</u>	<u>6,816,142</u>	<u>6,205,927</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,442,989	1,100,259	1,472,999
Proceeds from disposal of assets	19	16,363	105,863	133,636
Purchase of property, plant and equipment	6(b)	(316,481)	(1,294,522)	(768,607)
Purchase and construction of infrastructure	7(b)	(2,414,559)	(4,540,649)	(5,534,927)
<b>Amount attributable to investing activities</b>		<u>(1,271,688)</u>	<u>(4,629,049)</u>	<u>(4,696,899)</u>
<b>FINANCING ACTIVITIES</b>				
Transfers to reserves (restricted assets)	10	(6,418,581)	(3,649,628)	(3,654,416)
Transfers from reserves (restricted assets)	10	2,950,000	1,081,809	5,954,233
<b>Amount attributable to financing activities</b>		<u>(3,468,581)</u>	<u>(2,567,819)</u>	<u>2,299,817</u>
<b>Surplus(deficiency) before general rates</b>		<u>4,530,143</u>	<u>(380,726)</u>	<u>3,808,845</u>
<b>Total amount raised from general rates</b>	21	<u>382,924</u>	<u>380,726</u>	<u>372,152</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	22	<u><u>4,913,067</u></u>	<u><u>0</u></u>	<u><u>4,180,997</u></u>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 18 to these financial statements.

**(a) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(b) Cash and Cash Equivalents**

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) 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.

**(d) 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 sale***

Land held for development and sale 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 profit or loss 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 sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

**(e) Fixed Assets**

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

***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.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Land under control***

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

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

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

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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

***Land under roads***

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Fixed Assets (Continued)**

***Depreciation***

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	20 years
Furniture and equipment	5 to 20 years
Plant and equipment	5 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
Seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
- construction / road base	50 years
- gravel sheet	8 years
Formed roads (unsealed)	
- formation	not depreciated
- construction / road base	50 years
Water supply piping and 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 in the period in which they arise.

***Capitalisation threshold***

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fair Value of Assets and Liabilities**

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fair Value of Assets and Liabilities (Continued)**

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

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 in accordance with the regulatory framework.

**(g) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire 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.

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 and any reduction for impairment; and
- (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.

The effective interest 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(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 that the Shire 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 payments.

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 that 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Financial Instruments (Continued)**

***Impairment***

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 (a "loss event") 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 assets, 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 to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***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 Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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

**(h) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire'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) whereby 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.

**(i) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Employee Benefits**

**Short-term employee benefits**

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

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

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

**(k) Borrowing Costs**

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

**(l) Provisions**

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

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

**(m) Leases**

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. 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 Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire'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 Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(o) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(n) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

**(p) 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 operations for the current reporting period.

Control over non-operating grants arises where the Shire can benefit from funds transferred to it and deny or regulate the access of others to these benefits. Therefore, control arises when the Shire can use funds granted or transferred to purchase goods and services or retain those funds for future purposes.



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(q) Superannuation**

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

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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

**(u) 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 MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<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	<p>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.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of 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"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

**(w) Adoption of New and Revised Accounting Standards**

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.

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.

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

<b>2. REVENUE AND EXPENSES</b>	<b>2017</b>	<b>2016</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	21,269	17,633	
- Other services	7,048	3,565	
<b>Depreciation</b>			
Non-specialised Buildings and Improvements	331,764	380,885	
Furniture and equipment	11,558	14,855	
Plant and equipment	463,278	586,231	
Infrastructure - Roads	2,330,667	2,211,818	
Infrastructure - Bridges	40,395	16,540	
	<u>3,177,662</u>	<u>3,210,329</u>	
(ii) Crediting as revenue:			
<b>Significant revenue</b>			
WA Local Government Grants Commission made an early payment of half the 2017-18 grant. This amount was recognised as revenue in 2016-17.	<u>1,783,645</u>	<u>0</u>	
<b>Other revenue</b>			
Reimbursements and recoveries	210,006	112,514	
Other	28,810	14,110	
	<u>238,816</u>	<u>126,624</u>	
	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>			
- Reserve funds	55,265	47,658	98,233
- Other funds	35,951	15,000	74,455
Other interest revenue (refer note 26)	452	500	1,167
	<u>91,668</u>	<u>63,158</u>	<u>173,855</u>

**SHIRE OF MURCHISON**  
**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, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

Administration and operation of facilities and services to members of council. Other costs that relate to the task of assisting elected members and electors on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

Supervision of various by-laws, fire prevention and animal control.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Monitor health control standards within the community, provide support and assistance with airstrips to enable all residents access to the Royal Flying Doctor for regular and emergency health services. Analytical services.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Support of education facilities within the Shire and of any external resources necessary to assist with education programmes for all residents.

**SHIRE OF MURCHISON**  
**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 (Continued)**

**HOUSING**

**Objective:**

To provide and maintain staff housing.

**Activities:**

Provision and maintenance of staff housing.

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Maintain a refuse site for the settlement.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

Provide a library and museum and operation thereof. Maintain recreation centre, sports field, parks, gardens and other recreational facilities.

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of roads, drainage works and traffic signs. Maintenance of settlement airstrip.

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Building control, provision of power and water supplies. Supply and maintenance of television re-broadcasting installation. Provision of radio communication. Maintenance of caravan park. Vermin control and area promotion.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs.

**SHIRE OF MURCHISON**  
**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	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
<b>Law, order, public safety</b>							
DFES -Operating grant	0	8,546	(8,546)	0	0	0	0
<b>Community amenities</b>							
Department of Planning	40,926	0	(25,626)	15,300	0	0	15,300
R4R 12-13 Reinstate Laundry and Accommodation Units	113,616	0	(113,616)	0	0	0	0
<b>Recreation and culture</b>							
R4R 12-13 - Individual Reinstated	4,848	0	(4,848)	0	0	0	0
Regional Grants Scheme - Stabling	42,300	0	(42,300)	0	0	0	0
<b>Transport</b>							
MWIP - Ballinyoo Bridge	3,400,000	0	(1,855,731)	1,544,269	31,596	(89,459)	1,486,406 *
CSIRP - Road Construction	309,365	0	(15,681)	293,684	2,092	0	295,776
CLGF R4R 11-12 Regional	771,874	0	(771,874)	0	0	0	0
Roads to Recovery 14-15	181,523	0	(181,523)	0	0	0	0
R2R - Bridge	0	500,000	(500,000)	0	0	0	0
Regional Development - Bridge	0	100,000	0	100,000	0	0	100,000
MRWA - Specific Project	0	124,800	(124,800)	0	0	0	0
WANDRRA	0	630,392	(630,392)	0	0	0	0
MRWA - RRG	0	170,200	(170,200)	0	0	0	0
Roads to Recovery - 15-16	0	800,999	(800,999)	0	0	0	0
<b>Total</b>	<b><u>4,864,452</u></b>	<b><u>2,334,937</u></b>	<b><u>(5,246,136)</u></b>	<b><u>1,953,253</u></b>	<b><u>33,688</u></b>	<b><u>(89,459)</u></b>	<b><u>1,897,482</u></b>

**Notes:**

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

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

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

\* At 30 June 2017 the Shire had committed this funding for use in accordance with the funding agreement.

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

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		3,201,269	476,118
Restricted		7,447,178	4,034,368
		<u>10,648,447</u>	<u>4,510,486</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	10	121,337	60,869
Plant Reserve	10	791,372	785,711
Building Reserve	10	134,399	133,437
Transaction Centre Reserve	10	6,296	6,250
Ballinyoo Bridge Reserve	10	45,870	15,016
Beringarra - Cue Road Reserve	10	41,550	752,513
Beringarra - Cue Road Reserve Term Deposit	10	3,743,186	36,319
Flood Damage Reserve	10	198,202	124,861
CSIRO Beringarra Pindar Reserve	10	167,336	166,139
Murchison Settlement Buildings and Facilities Reser	10	300,148	0
Unspent grants	2(c)	1,897,482	1,953,253
		<u>7,447,178</u>	<u>4,034,368</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		4,666	5,247
Sundry debtors		33,283	2,655,956
GST receivable		40,023	471,139
		<u>77,972</u>	<u>3,132,342</u>
<b>Non-current</b>			
Rates outstanding - pensioners		1,795	1,795
		<u>1,795</u>	<u>1,795</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		144,893	152,096
History books		8,888	1,889
		<u>153,781</u>	<u>153,985</u>



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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Non-specialised Buildings and Improvements at:		
- Independent valuation 2013 - level 2	0	6,720,131
- Independent valuation 2013 - level 3	0	34,528
- Independent valuation 2017 - level 3	7,107,032	0
- Additions after valuation - cost	0	983,781
- Less: accumulated depreciation	0	(886,583)
	7,107,032	6,851,857
Furniture and equipment at:		
- Independent valuation 2016 - level 2	22,500	22,500
- Management valuation 2016 - level 3	85,719	85,719
- Additions after valuation - cost	8,941	0
- Less: accumulated depreciation	(11,558)	0
	105,602	108,219
Plant and equipment at:		
- Independent valuation 2016 - level 2	3,028,877	3,049,980
- Management valuation 2016 - level 2	99,149	99,149
- Additions after valuation - cost	231,920	0
- Less: accumulated depreciation	(463,209)	0
	2,896,737	3,149,129
Work in progress at:		
- At Cost	6,535	6,535
	6,535	6,535
	10,115,906	10,115,740

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. 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 MURCHISON**  
**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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Non-specialised Buildings and Improvements	6,851,857	75,621	0	511,318	0	0	(331,764)	0	7,107,032
<b>Total buildings</b>	<b>6,851,857</b>	<b>75,621</b>	<b>0</b>	<b>511,318</b>	<b>0</b>	<b>0</b>	<b>(331,764)</b>	<b>0</b>	<b>7,107,032</b>
<b>Total land and buildings</b>	<b>6,851,857</b>	<b>75,621</b>	<b>0</b>	<b>511,318</b>	<b>0</b>	<b>0</b>	<b>(331,764)</b>	<b>0</b>	<b>7,107,032</b>
Furniture and equipment	108,219	8,940	0	0	0	0	(11,558)	0	105,602
Plant and equipment	3,149,129	231,920	(21,034)	0	0	0	(463,278)	0	2,896,737
Work in progress	6,535	0	0	0	0	0	0	0	6,535
<b>Total property, plant and equipment</b>	<b>10,115,740</b>	<b>316,481</b>	<b>(21,034)</b>	<b>511,318</b>	<b>0</b>	<b>0</b>	<b>(806,600)</b>	<b>0</b>	<b>10,115,906</b>

**SHIRE OF MURCHISON  
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**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Non-specialised Buildings and Improvements	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuer	June 2017	Improvements to land using residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>					
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent valuer	June 2016	Market price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Independent valuation 2016	2/3	Market approach using recent observable market data for similar assets	Independent valuer	June 2016	Market price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation 2015 - level 3	0	77,176,815
- Management valuation 2017 - level 3	68,339,000	0
- Additions after valuation - cost	0	2,348,131
- Less: accumulated depreciation	0	(12,540,942)
	68,339,000	66,984,004
 Infrastructure - Bridges		
- Management valuation 2017 - level 3	3,974,464	0
- Cost	0	4,031,740
- Less: accumulated depreciation	0	(16,540)
	3,974,464	4,015,200
	72,313,464	70,999,204

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. 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 MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	66,984,004	2,323,917	0	1,361,746	0	0	(2,330,667)	0	68,339,000
Infrastructure - Bridges	4,015,200	90,642	0	0	(90,983)	0	(40,395)	0	3,974,464
<b>Total infrastructure</b>	<b><u>70,999,204</u></b>	<b><u>2,414,559</u></b>	<b><u>0</u></b>	<b><u>1,361,746</u></b>	<b><u>(90,983)</u></b>	<b><u>0</u></b>	<b><u>(2,371,062)</u></b>	<b><u>0</u></b>	<b><u>72,313,464</u></b>

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

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - Bridges</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	179,907	1,411,853
Accrued salaries and wages	11,076	7,637
ATO liabilities	29,968	29,246
Accrued expenses	139,208	12,855
Superannuation liability	0	22,547
	<u>360,159</u>	<u>1,484,138</u>

**9. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2016</b>			
Current provisions	77,978	33,454	111,432
Non-current provisions	0	26,774	26,774
	<u>77,978</u>	<u>60,228</u>	<u>138,206</u>
Additional provision	906	22,680	23,586
<b>Balance at 30 June 2017</b>	<u>78,884</u>	<u>82,908</u>	<u>161,792</u>
<b>Comprises</b>			
Current	78,884	39,263	118,147
Non-current	0	43,645	43,645
	<u>78,884</u>	<u>82,908</u>	<u>161,792</u>

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

**10 RESERVES - CASH BACKED**

	<b>Actual 2017 Opening Balance \$</b>	<b>Actual 2017 Transfer to \$</b>	<b>Actual 2017 Transfer (from) \$</b>	<b>Actual 2017 Closing Balance \$</b>	<b>Budget 2017 Opening Balance \$</b>	<b>Budget 2017 Transfer to \$</b>	<b>Budget 2017 Transfer (from) \$</b>	<b>Budget 2017 Closing Balance \$</b>	<b>Actual 2016 Opening Balance \$</b>	<b>Actual 2016 Transfer to \$</b>	<b>Actual 2016 Transfer (from) \$</b>	<b>Actual 2016 Closing Balance \$</b>
Leave Reserve	60,869	60,468	0	121,337	60,868	1,394	0	62,262	60,070	799	0	60,869
Plant Reserve	785,711	5,661	0	791,372	785,711	611,622	(681,809)	715,524	515,931	691,280	(421,500)	785,711
Building Reserve	133,437	962	0	134,399	133,437	3,056	0	136,493	131,686	1,751	0	133,437
Transaction Centre Reserve	6,250	46	0	6,296	6,250	144	0	6,394	6,169	81	0	6,250
Ballinyoo Bridge Reserve	15,016	30,854	0	45,870	15,017	31,074	0	46,091	14,819	197	0	15,016
Beringarra - Cue Road Reserve Term Deposit	752,513	2,990,673	0	3,743,186	788,832	2,970,535	(300,000)	3,459,367	3,268,337	64,439	(2,580,263)	752,513
Beringarra - Cue Road Reserve	36,319	2,955,231	(2,950,000)	41,550	0	0	0	0	383,920	2,604,869	(2,952,470)	36,319
Flood Damage Reserve	124,861	73,341	0	198,202	124,861	27,998	0	152,859	0	124,861	0	124,861
CSIRO Beringarra Pindar Reserve	166,139	1,197	0	167,336	166,137	3,805	(100,000)	69,942	0	166,139	0	166,139
Murchison Settlement Buildings and Facilities Reserve	0	300,148	0	300,148	0	0	0	0	0	0	0	0
	<u>2,081,115</u>	<u>6,418,581</u>	<u>(2,950,000)</u>	<u>5,549,696</u>	<u>2,081,113</u>	<u>3,649,628</u>	<u>(1,081,809)</u>	<u>4,648,932</u>	<u>4,380,932</u>	<u>3,654,416</u>	<u>(5,954,233)</u>	<u>2,081,115</u>

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



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**10 RESERVES - CASH BACKED**

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Leave Reserve	N/A	- to be used to fund annual and long service leave requirements
Plant Reserve	N/A	- to be used for the purchase of major plant.
Building Reserve	N/A	- to be used for the construction and maintenance of buildings.
Transaction Centre Reserve	30.6.2017	- to be used for the development of the Central Business District.
Ballinyoo Bridge Reserve	30.6.2017	- to be used for the replacement of bridge 837.
Beringarra - Cue Road Reserve Term Deposit	30.6.2020	- to be used for the maintenance and repair of Beringarra - Cue Road. Contribution at the end of the Crosslands Road Train Permit to assist with the eventual conversion of the road back to gravel. Council approved the temporary transfer of up to \$3 million from this reserve to fund flood damage works. The funds are to be repaid to the reserve as cash flows allow.
Beringarra - Cue Road Reserve	30.6.2020	- to be used as additional maintenance works on the road due to CSIRO traffic
Flood Damage Reserve	N/A	- to be used towards the "trigger" point for WANDRRA funded flood damage works.
CSIRO Beringarra Pindar Reserve	30.6.2020	- to be used as additional maintenance works on the road due to CSIRO traffic
Murchison Settlement Buildings and Facilities Reserve	30.9.2019	- To be used for the future development of buildings and facilities and all associated work including feasibility studies.

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

**11. REVALUATION SURPLUS**

	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Total</b>	<b>Closing</b>	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Total</b>	<b>Closing</b>
	<b>Balance</b>	<b>Increment</b>	<b>(Decrement)</b>	<b>Movement on</b>	<b>Balance</b>	<b>Balance</b>	<b>Increment</b>	<b>(Decrement)</b>	<b>Movement on</b>	<b>Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings and Improvements	4,885,708	511,318	0	511,318	5,397,026	4,885,708	0	0	0	4,885,708
Plant and Equipment	1,355,447	0	0	0	1,355,447	1,369,665	0	(14,218)	(14,218)	1,355,447
Infrastructure - Roads	51,488,193	1,361,746	0	1,361,746	52,849,939	51,488,193	0	0	0	51,488,193
	<u>57,729,348</u>	<u>1,873,064</u>	<u>0</u>	<u>1,873,064</u>	<u>59,602,412</u>	<u>57,743,566</u>	<u>0</u>	<u>(14,218)</u>	<u>(14,218)</u>	<u>57,729,348</u>

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

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

**12. 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:

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>10,648,447</u>	<u>4,648,932</u>	<u>4,510,486</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	3,625,142	3,450,109	(2,385,638)
Non-cash flows in Net result:			
Depreciation	3,177,662	3,186,203	3,210,329
(Profit)/Loss on sale of asset	4,670	88,063	94,903
Loss on revaluation of fixed assets	90,983	0	24,579
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	3,054,370	(387,420)	(2,468,788)
(Increase)/Decrease in inventories	204	(1,200)	(17,654)
Increase/(Decrease) in payables	(1,123,979)	(468,000)	1,033,310
Increase/(Decrease) in provisions	23,586		(14,518)
Grants contributions for the development of assets	<u>(1,442,989)</u>	<u>(1,100,259)</u>	<u>(1,472,999)</u>
Net cash from operating activities	<u>7,409,649</u>	<u>4,767,496</u>	<u>(1,996,476)</u>
<b>(c) Undrawn Borrowing Facilities</b>			
	<b>2017</b>		<b>2016</b>
	<b>\$</b>		<b>\$</b>
<b>Credit Standby Arrangements</b>			
Bank overdraft limit	100,000		100,000
Bank overdraft at balance date	0		0
Credit card limit	5,000		5,000
Credit card balance at balance date	<u>(1,025)</u>		<u>(428)</u>
<b>Total amount of credit unused</b>	<u>103,975</u>		<u>104,572</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. CONTINGENT LIABILITIES**

The Shire did not have any contingent liabilities at the reporting date.

**14. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

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

**15. JOINT VENTURE ARRANGEMENTS**

The Shire of Murchison has participated in a joint venture with the Department of Housing for the construction of eight units in the Murchison settlement. The provision of the housing aims to provide accommodation for Shire employees. The Shire of Murchison has a 15.69% interest in one unit and 0% in the remaining seven units. All revenue and expenses of the joint venture are recognised in the relevant financial statements of council.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Buildings	59,797	54,131
Less: accumulated depreciation	<u>0</u>	<u>(6,496)</u>
	<u><u>59,797</u></u>	<u><u>47,635</u></u>

**16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	781,082	1,814,256
General purpose funding	5,105,212	8,323
Law, order, public safety	206,620	264,160
Health	26,794	12,240
Housing	666,206	491,388
Community amenities	56,429	50,286
Recreation and culture	1,732,714	1,399,715
Transport	81,886,690	82,406,510
Economic services	2,511,641	2,219,994
Other property and services	335,617	246,680
Unallocated	2,360	0
	<u><u>93,311,365</u></u>	<u><u>88,913,552</u></u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2017	2016	2015
<b>17. FINANCIAL RATIOS</b>			
Current ratio	9.53	2.45	5.33
Asset sustainability ratio	0.83	0.14	0.09
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	2.32	(4.39)	1.41
Own source revenue coverage ratio	0.11	0.09	0.17

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

**Notes:**

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 56 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$1,783,645.

	2017	2016	2015
Current ratio	14.48	2.38	5.33
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	2.32	(4.39)	3.62

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. 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:

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Housing bonds	37,350	1,930	(32,430)	6,850
Licencing Collection	0	4,387	(3,515)	872
Crosslands Murchison Community Fund	380,370	9,075	(50)	389,395
Nomination Deposit	0	160	(160)	0
Social Club	4,796	3,146	(2,268)	5,674
	<u>422,516</u>			<u>402,791</u>

**19. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
<b>Governance</b>								
Toyota RAV4 DSL 5DR #87	21,033	16,363	0	(4,670)	18,518	16,363	0	(2,155)
<b>Transport</b>								
Cat Grader 12H #164	0	0	0	0	140,312	70,000	0	(70,312)
Caravan Construction #32	0	0	0	0	2,409	2,000	0	(409)
Generator - Workshop #213	0	0	0	0	1,560	1,000	0	(560)
Howard Portal Fuel Trailer #14	0	0	0	0	2,992	2,500	0	(492)
Howard Portal Fuel Trailer #247	0	0	0	0	6,657	2,500	0	(4,157)
Isuzu Tray Top #51	0	0	0	0	16,023	10,000	0	(6,023)
Kubota 9KVA Generator #173	0	0	0	0	5,455	1,000	0	(4,455)
Greenfield Ride- on #224	0	0	0	0	0	500	500	0
	<u>21,033</u>	<u>16,363</u>	<u>0</u>	<u>(4,670)</u>	<u>193,926</u>	<u>105,863</u>	<u>500</u>	<u>(88,563)</u>

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

**20. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

The Shire does not have any borrowings.

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire did not have any overdraft facilities during the year and as at 30 June 2017.

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

**21. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

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 \$
<b>General rate</b>											
<b>Unimproved value valuations</b>											
Pastoral	0.0270	23	1,458,105	39,369	0	0	39,369	39,369	0	0	39,369
Mining	0.2895	9	1,097,899	317,842	119	(132)	317,829	317,841	0	0	317,841
Exploration/Prospecting	0.0976	17	213,769	18,877	4,596		23,473	20,864	0	0	20,864
<b>Sub-Total</b>		49	2,769,773	376,088	4,715	(132)	380,671	378,074	0	0	378,074
<b>Minimum payment</b>	<b>\$</b>										
<b>Unimproved value valuations</b>											
Pastoral	264	4	11,763	1,056	0	0	1,056	1,056	0	0	1,056
Exploration/Prospecting	399	4	4,774	1,197	0	0	1,197	1,596	0	0	1,596
<b>Sub-Total</b>		8	16,537	2,253	0	0	2,253	2,652	0	0	2,652
<b>Total amount raised from general rate</b>		<b>57</b>	<b>2,786,310</b>	<b>378,341</b>	<b>4,715</b>	<b>(132)</b>	<b>382,924</b>	<b>380,726</b>	<b>0</b>	<b>0</b>	<b>380,726</b>
							<u><u>382,924</u></u>				<u><u>380,726</u></u>



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

**22. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<u>4,913,067</u>	<u>4,180,997</u>	<u>4,180,997</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	3,201,269	476,118	476,118
Restricted	7,447,178	4,034,368	4,034,368
Receivables			
Rates outstanding	4,666	5,247	5,247
Sundry debtors	33,283	2,655,956	2,655,956
GST receivable	40,023	471,139	471,139
Inventories			
Fuel and materials	153,781	153,985	153,985
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(179,907)	(1,411,853)	(1,411,853)
Accrued salaries and wages	(11,076)	(7,637)	(7,637)
ATO liabilities	(29,968)	(29,246)	(29,246)
Accrued expenses	(139,208)	(12,855)	(12,855)
Superannuation liability	0	(22,547)	(22,547)
Provisions			
Provision for annual leave	(78,884)	(77,978)	(77,978)
Provision for long service leave	(39,263)	(33,454)	(33,454)
<b>Unadjusted net current assets</b>	<u><b>10,401,894</b></u>	<u><b>6,201,243</b></u>	<u><b>6,201,243</b></u>
<b><u>Adjustments</u></b>			
Less: Reserves - restricted cash	(5,549,696)	(2,081,115)	(2,081,115)
Add: Cash backed leave reserve	60,869	60,869	60,869
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><u><b>4,913,067</b></u></u>	<u><u><b>4,180,997</b></u></u>	<u><u><b>4,180,997</b></u></u>

**Difference**

There was no difference between the surplus/(deficit) 30 June 2017 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

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

**23. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

The Shire did not impose any specified area rates.

**24. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2016/17 FINANCIAL YEAR**

No discount of rates or early payment incentive scheme was offered.

**26. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Option One</b>				
Single full payment	06-Oct-16			8.00%
<b>Option Two</b>				
First Instalment	06-Oct-16			8.00%
Second Instalment	08-Dec-16	15		8.00%
<b>Option Three</b>				
First Instalment	06-Oct-16			8.00%
Second Instalment	08-Dec-16	15		8.00%
Third Instalment	28-Feb-17	15		8.00%
Fourth Instalment	06-Apr-17	15		8.00%

	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates	452	500
Interest on instalment plan	0	0
Charges on instalment plan	240	1,000
	692	1,500

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

<b>27. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	8,718	1,718
Law, order, public safety	0	720
Community amenities	0	255
Recreation and culture	1,817	2,516
Economic services	232,295	215,472
Other property and services	11,780	335
	<u>254,610</u>	<u>221,016</u>

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

**28. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	5,273,601	1,681,931
Law, order, public safety	16,414	10,026
Housing	0	75
Recreation and culture	0	519
Transport	4,856,869	3,454,151
Economic services	0	17,148
	<u>10,146,884</u>	<u>5,163,850</u>
<b>Non-operating grants, subsidies and contributions</b>		
Recreation and culture	4,700	0
Transport	1,438,289	1,472,999
	<u>1,442,989</u>	<u>1,472,999</u>
	<u>11,589,873</u>	<u>6,636,849</u>

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

**29. EMPLOYEE NUMBERS**

	<b>2017</b>	<b>2016</b>
	\$	\$
The number of full-time equivalent employees at balance date	12	11

**30. ELECTED MEMBERS REMUNERATION**

	<b>2017</b>	<b>2017 Budget</b>	<b>2016</b>
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting fees	59,067	45,074	47,035
President's allowance	5,220	7,000	6,875
Deputy President's allowance	1,306	1,750	1,718
Travelling expenses	36,463	35,000	32,549
Telecommunications allowance	8,133	7,000	7,270
President's meeting fees	13,703	13,119	0
	123,892	108,943	95,447

**31. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	<b>2017</b>
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	355,122
Post-employment benefits	47,133
Other long-term benefits	22,253
Termination benefits	137,145
	561,653

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members may be found at Note 30.

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

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

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

**31. RELATED PARTY TRANSACTIONS (Continued)**

**Related Parties**

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

*i. Key management personnel*

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

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

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

*iii. Joint venture entities accounted for under the equity method*

The Shire has a 15.69% interest in one unit and 0% interest on seven other units with the Department of Housing. For details of interest held in Joint venture entities, refer to Note 15.

**Transactions with related parties**

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

The following transactions occurred with related parties:

**Associated companies/individuals:**

Purchase of goods and services

**2017**  
**\$**

352,231

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

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

**32. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

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

**34. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	10,648,447	4,510,486	10,648,447	4,510,486
Receivables	79,767	3,134,137	79,767	3,134,137
	<u>10,728,214</u>	<u>7,644,623</u>	<u>10,728,214</u>	<u>7,644,623</u>
<b>Financial liabilities</b>				
Payables	360,159	1,484,138	360,159	1,484,138
	<u>360,159</u>	<u>1,484,138</u>	<u>360,159</u>	<u>1,484,138</u>

Fair value is determined as follows:

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

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

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

**(a) Cash and Cash Equivalents**

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

The Shire'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 with the assistance of independent advisers (where applicable). 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 is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	106,484	45,105
- Statement of Comprehensive Income	106,484	45,105

**Notes:**

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



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

**34. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

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

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

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

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	100.00%	100.00%
- Overdue	0.00%	0.00%

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

**34. 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. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2017</u></b>					
Payables	360,159	0	0	360,159	360,159
	<u>360,159</u>	<u>0</u>	<u>0</u>	<u>360,159</u>	<u>360,159</u>
<b><u>2016</u></b>					
Payables	1,484,138	0	0	1,484,138	1,484,138
	<u>1,484,138</u>	<u>0</u>	<u>0</u>	<u>1,484,138</u>	<u>1,484,138</u>

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

**35. PRIOR PERIOD CORRECTIONS**

The following adjustments have been made to comparative amounts in the 30 June 2017 Financial Report to bring into account financial activities that were incorrectly stated in 2015/16. Details of this activity is listed below:-

The Shire entered into a joint venture agreement with the Department of Housing in 2002. The staff housing relating to this joint venture were revalued in 2013 and the full revaluation amount was included in the Shires asset register and in the financial statements.

The removal of the value of staff housing belonging to the Department of Housing, has resulted in an overall reduction in the building asset class of \$1,545,950.

	<b>Financial Reports 2016 \$</b>	<b>Corrected Comparative 2016 \$</b>	<b>Adjustment \$</b>
<b>STATEMENT OF FINANCIAL POSITION</b>			
Property, plant and equipment	10,953,905	10,115,740	(838,165)
Revaluation surplus	58,567,513	57,729,348	(838,165)
<b>STATEMENT OF CHANGES IN EQUITY</b>			
Revaluation surplus:- Changes on revaluation on non-current assets			
Balance at 30 June 2015	58,581,731	57,743,566	(838,165)
<b>NOTE 6 (a) PROPERTY, PLANT AND EQUIPMENT</b>			
Land and Buildings			
Independent valuation 2013 - level 2	7,721,000	6,720,131	(1,000,869)
Less: accumulated depreciation	(1,049,287)	(886,583)	162,704
<b>NOTE 6 (b) Movements in Carrying Amounts</b>			
Balance at the beginning of the year - Non specialised Buildings and improvements	7,690,022	6,851,857	(838,165)
<b>NOTE 11 Revaluation surplus</b>			
Buildings and improvements	5,723,873	4,885,708	(838,165)
<b>NOTE 16 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>			
Housing	1,329,553	491,388	(838,165)

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE RATEPAYERS OF**

### **SHIRE OF MURCHISON**

#### **Opinion**

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

In our opinion, the accompanying financial report:

- a) The accompanying financial report:
  - (i) Presents fairly, in all material respects, the financial position of Shire of Murchison as at 30 June 2017, and its financial performance and cash flows for the year then ended;
  - (ii) Complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
  - (iii) Is prepared in accordance with the requirements of the *Local Government Act 1995* Part 6 and the Regulations under that Act.
- b) The Supplementary Ratio Information included in the financial report is supported by verifiable information and reasonable assumptions.

#### **Basis for opinion**

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

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

#### **THE POWER OF BEING UNDERSTOOD**

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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

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### **Responsibilities of the Chief Executive Officer for the financial report**

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Shire of Murchison's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Chief Executive Officer is responsible for overseeing the Shire of Murchison's financial reporting process.

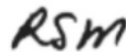
### **Auditor's responsibilities for the audit of the financial report**

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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

### **Report on statutory compliance**

We did not, during the course of our audit, become aware of any instances where Shire of Murchison did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they apply to the financial report.

A stylized, handwritten-style logo for RSM.

RSM AUSTRALIA PTY LTD

A handwritten signature in black ink, appearing to read 'D J Wall'.

D J WALL  
Director

Perth, WA  
Dated: 5 December 2017

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

**RATIO INFORMATION**

The following information relates to those 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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Asset consumption ratio	0.99	0.86	0.89
Asset renewal funding ratio	0.37	0.39	0.42

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$