

Annual Report

Shire of Wagin



2014-2015



www.wagin.wa.gov.au



Shire of Wagin

2 Arthur Road (PO Box 200) Wagin WA 6315
E-mail: shire@wagin.wa.gov.au Website: www.wagin.wa.gov.au
Tel: (08) 9861 1177 Fax: (08) 9861 1204

Shire Statistics

Population	1,847
Number of Electors	1,315
Number of Dwellings	952
Distance from Perth (km)	227
Area (sq km)	1,950
Suburbs and Localities	Piesseville, Wagin
Library	Trent St, Wagin
Pre-school	Ranford St, Wagin
Secondary School	Ranford St, Wagin
Length of Sealed Roads (km)	260
Length of Unsealed Roads (km)	626
Rates Income	\$1,977,138
Total Revenue	\$8,051,277
Council Employees	55

Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Norring Lake, Marroble Bird Place, Heritage Walk Trail, Puntapin Rock and Mount Latham.

Local Industries

Wool, Grains, Engineering, Manufacturing, Extractive Industry and Seed working.

Significant Local Events

Wagin Woolorama – incorporates the State Sheep Show and is held on the 2nd weekend in March each year, Australia Day Breakfast – in Wetlands Park, Foundation Day Celebration – at Wagin Historical Village including the Vintage Car Club Rally, Christmas Street Carnival and Wagin Burnouts.

Shire of Wagin
Annual Report 2014/2015

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Wagin Shire Councillors

GENERAL INFORMATION

Your Elected Members

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30th June 2015 are -

Cr PJ (Phillip) Blight – Shire President

Elected to office in 1992, Retiring 2015

- Finance & General Purposes Committee
- WALGA Central Zone
- Roadwise/LEMC & Safer WA Committee
- Land Conservation District Committee
- Economic Advisory Committee
- Frail Aged Homes Committee
- Community Resource Centre Committee
- Civic Awards Committee
- Audit Committee
- CEO Performance Review Committee
- Woolorama Committee
- Lakes Sub – Regional Road Group
- Airport Development Committee

Cr GR (Greg Ball) – Deputy Shire President

Elected to office in 2007, Retiring 2015

- Finance & General Purposes Committee
- WALGA Central Zone
- CEO Performance Review Committee
- Development Assessment Panel
- Economic Advisory Committee
- Lakes Sub – Regional Road Group
- Works & Services Committee
- Civic Awards Committee
- Audit Committee
- Bushfire Advisory Committee
- Landcare Project Management Committee
- Frail Aged Homes Committee

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2017

- Works & Services Committee
- Finance & General Purposes Committee
- Audit Committee
- CEO Performance Review Committee
- Cottage Homes Committee
- Airport Development Committee

Cr D (Dale) Lloyd

Elected to office in 2011, Retiring 2015

- Sportsground Advisory Community Centre Management Committee
- Roadwise/LEMC & Safer WA Committee
- Community Resource Centre
- Audit Committee
- Finance and General Purposes Committee
- Economic Advisory Committee
- Tourism and Promotion Committee

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2017

- Works & Services Committee
- Asset Management Committee
- Airport Development Committee
- Wagin Community Family Park
- Reconciliation Action Plan
- Waste Management & Recycling Committee

Cr C (Cliff) Brockwell

Elected to office in 2012, Retiring 2017

- Townscape Enhancement Committee
- Wagin Community Family Park
- Airport Development Committee

Cr R (Ron) Walker

Elected to office in 2011, Retiring 2015

- Development Assessment Panel
- Townscape Enhancement Committee
- Sportsground Advisory Community Centre Management Committee
- Waste Management & Recycling Committee
- Cottage Homes Committee
- School Bus Committee
- Woolorama Committee
- Wagin Woodanilling Landcare Zone
- Bushfire Advisory Committee
- Works and Services Committee
- Asset Management Committee
- Community Bus Committee
- Economic Development Advisory Committee

Cr G (Geoff) West

Elected to office in 2009, Retiring 2015

- Works & Services Committee
- Community Bus Committee
- Tourism and Promotion Committee
- Historical Village Committee
- Community Centre Committee
- Asset Management Committee
- Economic Development Advisory Committee
- Development Assessment Panel
- Wagin/Woodanilling Landcare Zone
- Townscape Enhancement Committee
- Waste Management & Recycling Committee
- Airport Development Committee
- Cottage Homes Committee

Cr G (Gerard) Hegarty

Elected to office in 2009, Retiring 2017

- Waste Management & Recycling Committee
- Townscape Enhancement Committee
- Asset Management Committee
- Finance and General Purposes Committee
- Sportsground Advisory Community Centre Management Committee
- Audit Committee

Cr A (Amanda) Howell

Elected to office in 2013, Retiring 2017

- Waste Management & Recycling Committee
- Townscape Enhancement Committee
- Parents and Citizens Association
- Wagin Community Family Park Committee
- Development Assessment Panels

Cr J (Jason) Reed

Elected to office in 2013, Retiring 2017

- Tourism and Promotion
Committee
- Community Centre Committee
- Asset Management Committee

Elections are held biennially on the second Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the fourth Tuesday of each month except in January where no meeting is planned. All ordinary Council meetings commence at 7.00pm. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website www.wagin.wa.gov.au.

Management

Chief Executive Officer	Peter Webster
Manager of Finance and Corporate Services	Kylie Caley
Manager of Works	Allen Hicks
Manager of Community and Regulatory Services	Carolyn Webster
Environmental Health Officer & Building Surveyor	Steve Friend

Auditor	Byfields 30 Keymer Street Belmont WA 6104
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Bank	National Australia Bank Tudor St Wagin WA 6315
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Shire Presidents Report

It is with great pleasure that I present to you, the Shire of Wagin's Annual Report for the year 2014/2015.



Councillors and staff have worked diligently through out the year to provide for the needs of the community whilst continuing to plan for the long term future of the shire.

The Council continued to work to meet the requirements of the State Government's Integrated Planning and Reporting process. This included further development of the Workforce Plan, a review of Council's Strategic Community Plan will take place after the next election in October 2015.

Council completed two major building developments in the year being the new Swimming pool office, kiosk and change-rooms and the other was the second lot of four residential units as part of the Well-Aged Housing (Cottage Homes).

Council continues to work with its neighbouring local government authorities; the 4WDL partnership continues to grow in strength with the Well-Aged Housing project between the six shires proving to be a shining light and leader in the sector.

This year saw Council have a strong focus on economic development within the Shire and region. Council was instrumental in enticing Gilmac Mackie Hay to set up their new hay plant in Wagin, the establishment of this major agricultural business has been a tremendous economic boost for Wagin.

I would also like to welcome Unigrain to Wagin who are the owners of Morton Seeds. Unigrain are a large food manufacturing business specialising in oat and feed milling here in Wagin. Unigrain are in the process of expanding their operation here in Wagin which is again another great economic development for Wagin.

Council again has been active over the last year to accommodate our thriving community. Our aim is to maintain and improve its facilities both in the townsite and rural areas. Significant projects and achievements during 2014/2015 were:

- Completion of the Wagin Swimming Pool Development Stage 2.
- Completion of Well-Aged Housing (Cottage Homes) Stage 2
- Undertaking and completion of an extensive capital road works program.
- Upgrades to the Wagin Cemetery
- Purchase of a new Grader for the Works department.

Council assisted the Wagin Agricultural Society hold another very successful Woolorama and we also provided assistance in the staging of Australia's premier endurance horse race – The Tom Quilty Cup.

The Shire of Wagin remains in a sound financial position with good reserve levels and manageable debt levels, however we will continue to undertake extensive financial planning to maintain community service levels and Council's extensive infrastructure and asset network.

I would take this opportunity to thank my fellow Councillors, senior management, staff and volunteers for their hard work and dedication to the Shire of Wagin.

Cr Phillip Blight
Shire President

Chief Executive Officer's Report 2014 – 2015



It is with pleasure that I present the 2014/2015 Annual report for the Shire of Wagin.

The 2014/15 Annual Budget was adopted by Council at the August 2014 Council meeting. This incorporated an overall increase in rates of 5%. Council retained the option offering a 5% discount for rates paid in full within 35 days of being issued and this again proved popular.

Structural Reform

The State Government has decided not to pursue structural reform at this time however Council continues to work closely with neighbouring shires in the 4WDL partnership. The other Shires involved in this group are Williams, Woodanilling, West Arthur, Dumbleyung & Lake Grace. The major highlight again from 2014/15 was the construction of further four (4) Aged units for Wagin.

Economic Development

During the year under review a number of significant developments occurred in Wagin. These included:-

- **Gilmac Hay** – Construction of a 50,000 tonne hay facility 6km East of Wagin for the export market. This will employ about 15 workers.
- **Unigrain** – Have undertaken major developments at the oat plant and has increased capacity and employee numbers.
- **CBH** –Constructed new bulk head off Vernon St with an increased capacity of approx. 50,000 tonne. Further developments are also planned for 2015/16 of a similar size.
- **Airport Upgrade** – Work has been progressing throughout the year under review to establish additional aircraft hangers at the airport. Plans have been accepted by Council to develop land to enable additional hangers to be erected at the site.
- **Water Harvesting** – With the installation of the desalination plant at Unigrain, Council will have the opportunity to receive a quantity of fresh water from the process. This water could be used for a number of uses including parks, stock water, spray water or for use at the airport. Council has also received a grant from the Department of Water to erect two 250kl water tanks to hold water for these purposes.
- **Aged Care Units** – Over the past 12 months 4 more aged units have been completed. These units were built using Royalties for Regions funding.

Landcare

Council continues to support Landcare activities in conjunction with the Shire of Woodanilling. Landcare offers good support to our farming communities and has managed to attract funds for on ground works for the benefit of many. Veronika Crouch resigned during the year to take up a position in Corrigin and was replaced by Gen Harvey who has continued the good work that the office has been achieving.

Waste Management

Council continues to be the lead authority in a group with six other Local Governments seeking to establish a regional waste site on Nebrikinning Road Cuballing. A planning application has been submitted for the site which is still being considered by the Shire of Cuballing. Appeals and visits from various Government agencies have slowed the approval process down. The group are hoping that a decision on the matter will be made during 2015/16.

Land development

Council secured a number of industrial lots in Vernal and Vale Streets in the town's industrial zoned area a few years ago. Three of these lots have been sold in recent times plus a block to CBH which has enabled their expansion plans to proceed.

Infrastructure – Roads

Special mention should be made of the work of the outside crew under control of Allen Hicks during the year under review.

The crew has a large and varied task across the Shire and undertook, for the first time, a Main Road's of WA contract to widen 6km of the Dumbleyung Road. This was undertaken to a high standard with the profit being returned to Council.

The crew are responsible for maintenance road grading, road construction and town gardens along with numerous other tasks. All tasks were completed to a satisfactory level and within budget.

Future

There are many issues that the Council will need to consider/address over the coming years. Some of these include:

- Heavy Vehicles movements within and around the Wagin Shire
- Review of Town Planning No2 & Rural Planning strategy
- Upgrade to Plant room at Wagin Pool
- Strategic Community Plan & Corporate Plan

Any community comment on these issues or any other issue that residents wish to raise would be welcomed.

Conclusion

Council has received a good audit report for the period under review, however, caution is needed as the situation could change quickly if not monitored carefully

I continue to enjoy my work in Wagin and believe that there is a real challenge for all residents of the Shire to progress the area. I see enormous potential for the community, Shire, and local business to work hand in hand to ensure the long-term future of this area.

I would like to take this opportunity to thank Council and senior staff for their dedication and work that they have put in during the period under review and specially acknowledge the work throughout the year by Shire President, Cr Phillip Blight.

I would also like to acknowledge the other staff both inside and outside whose hard work and dedication also needs special mention.

Peter Webster
Chief Executive Officer



Arial view of the Wagin Town site

CORPORATE SERVICES

Annual Financials and Audit Report

Council's Annual Financial Report for the 30th June 2015 was audited by Leanne Oliver of Byfields. A copy of the Annual Financial report and Audit report is tabled later in the report.

Freedom of Information Act

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2014/2015 no applications were received for information under the terms of this legislation.

Employee Remuneration

Set out below is, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more –

	2014/2015	2013/2014
Salary Range \$140,000 - \$149,999	1	1

Other Staff Salaries and Numbers

<u>Salary Range</u>	<u>Number</u>
\$10,000 - \$ 50,000	45
\$ 50,001 - \$ 75,000	6
\$ 75,001 - \$100,000	4

Staff numbers are as follows:-

Inside / Pool	13 full time 6 part time 1 maternity leave
Outside Staff	13 full time 2 part time
HACC	<u>20</u> part time
Total	55

National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest. A public benefit test is used to

determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed; the conclusions of those reviews and a forward strategy for all local laws are still to be reviewed.

No new Local Laws were created in 2014/2015 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2014/2015 consequently there were no obligations to report in this area.

State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

The Shire of Wagin Record keeping Plan was endorsed by the Commission during 2003/04. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009. In 2014/2015 a further area off site was established to hold records in an effort to keep the Administration Centre clear of storage.

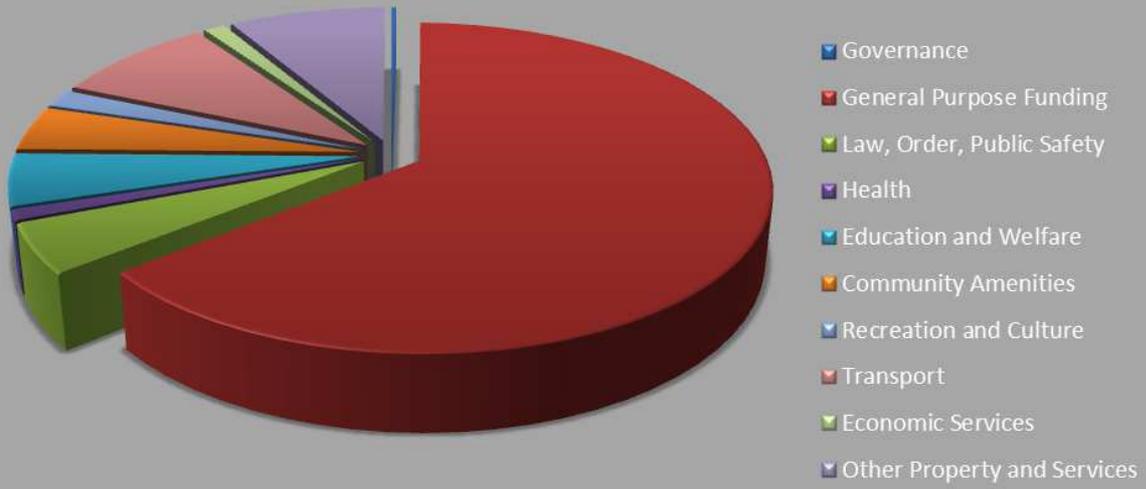
Council's Executive Assistant is delegated the task of maintaining the filing and record system of the shire and attends appropriate training courses and seminars to help build skills and knowledge of this function. Currently the Executive Assistant is working on updating the Record Keeping Plan to maintain compliance with the State Records Commission.

Equal Opportunity

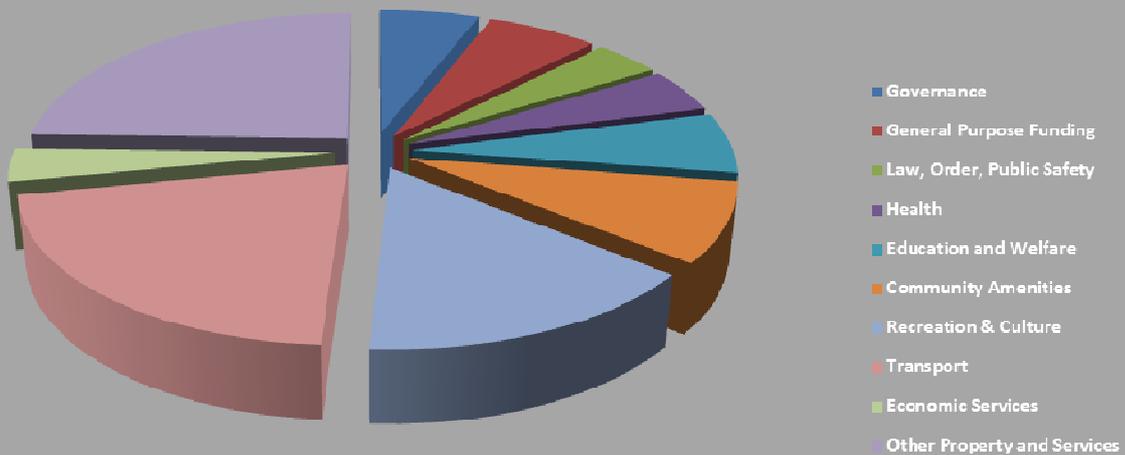
The Shire of Wagin is committed to providing a workplace where every individual is treated with respect in an environment free of discrimination.

In 2013/2014 the Shire adopted a Staff Equity and Diversity Framework outlining its obligations and expectations under the Western Australian Equal Opportunity Act 1984.

2014/2015 Operating Income



2014/2015 Operating Expenditure



Integrated Planning and Reporting Framework

Community Strategic Plan and Corporate Plan

Council adopted its Community Strategic Plan and Community plan in July 2013.

These plans meet all regulatory requirements and now provide Council with a strategic direction and blueprint by which the Council will operate into the future.

The plans were developed and finalised after an extensive period of community engagement and consultation, the following 5 key areas of importance, concern and aspiration were identified from community feedback:

- Economic Development
- Buildings and Infrastructure
- Community Services and Social Environment
- Town and Natural Environment
- Council Leadership

These key areas will guide Council's decision making and service development as Council plans for the future.

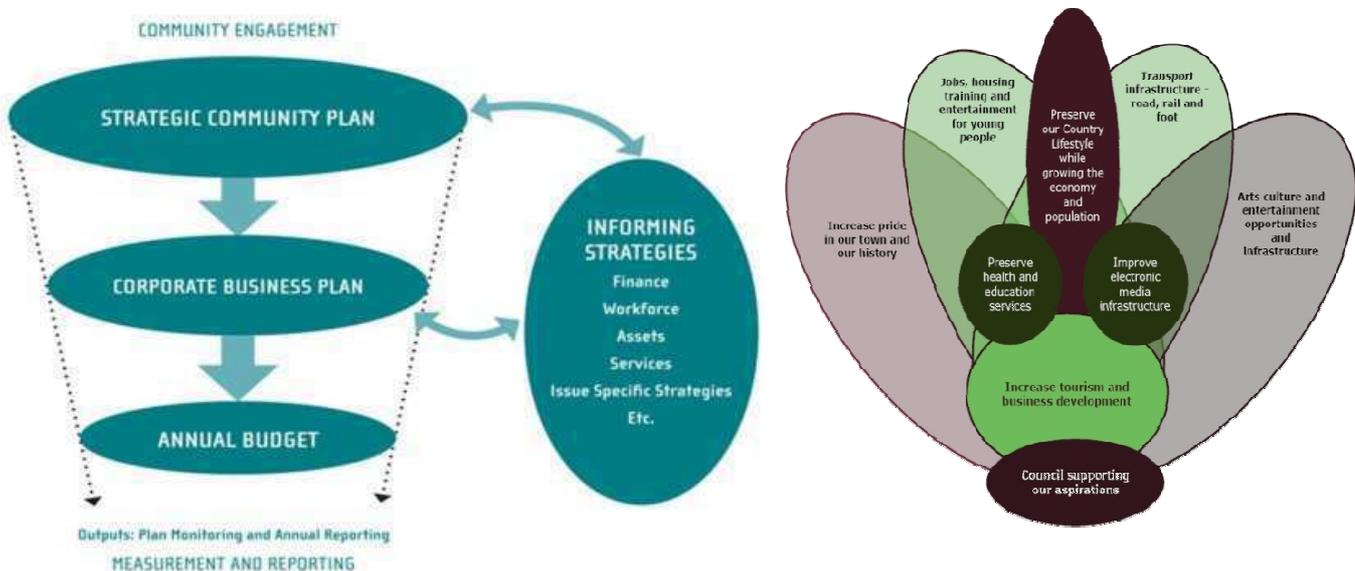
A number of other plans were developed to support the Community Strategic Plan and are an integral part of the Integrated Planning and Reporting Framework. These include:

- ❖ A Integrated Workforce Plan
- ❖ A 10 Year Long term Financial Plan
- ❖ A Building and Structures Asset Management Plan
- ❖ A Roads and Bridges Asset Management Plan

Council has updated the Integrated Workforce Plan in the past six months to reflect outcomes achieved from the strategy summary of the original plan.

A 2 yearly review will take place in early 2016.

Integrated planning and Reporting Framework Community Engagement Outcomes



Community Strategic Plan Key Result Areas

1. Economic Development	2. Buildings and Infrastructure	3. Community Services and Social Environment	4. Town and Natural Environment	5. Council Leadership
1.1 Increase in the number and diversity of businesses in the town and district	2.1 Greater care and restoration or preservation of heritage buildings	3.1 Keep the family friendly country lifestyle , community spirit, safe community with low crime rate	4.1 Look after natural environment and trees	5.1 Support and incentives for more businesses and retail opportunities
1.2 Support more job/ training opportunities, especially for young people	2.2 Improvement in condition and appearance of the main streets of the Town, with improved facility signage in the main street	3.2 Housing, jobs and training especially for young people	4.2 Cleanliness of the shop fronts and footpaths.	5.2 Diversity of Shire communication channels with community
1.3 Increase tourism and increase in promotion of town and heritage	2.3 More footpaths in areas away from the school and main shopping areas.	3.3 Youth focus on services and recreation development including coordination of effort across the Shire / region	4.3 Improve town entry statements.	5.3 Plan services and activities based on sustainability, affordability and resources
1.4 Broadband and other associated electronic media infrastructure.	2.4 More infrastructure to support arts, culture and entertainment	3.4 Retain the school and hospital and grow health, allied health and aged care services	4.4 Improve main street appearance to encourage travellers and tourists to stop.	5.4 Encourage more volunteering
1.5 Make available low cost industrial and business land and accommodation	2.5 Improved road conditions on grain routes around harvest time	3.5 More diversity and quality in food outlets and more retail businesses.	4.5 Better ambience around the caravan park	5.5 More diversity of Shire communication channels with community
1.6 Encourage more state government services in Wagin	2.6 Heavy vehicle by-pass around the Town	3.6 Keep Woolorama and consider other events, cultural and other entertainment opportunities	4.6 More green passive recreation areas and better management of bush ones.	5.6 Work to improve appearance of the town
1.7 Creation of employment opportunities	2.7 A safe fenced playground for children in a park environment	3.7 Provide more community resources and facilities	4.7 Improved litter management in town and Shire	5.7 Greater focus on economic development
				5.8 Be responsive to community aspirations

COMMUNITY SERVICES

Community

Townscape

Two major townscape initiatives were completed in the reporting year, the upgrade of the Town Park which was funded by Royalties for Regions and improvements to the CBD section of Tudhoe and Tudor St's to include new benches, bins, planters and the painting of shop fronts.



Town Park Gazebo Upgrade

The Shire engaged Sally Malone to draw up a Wetlands Park upgrade plan. Council was successful in securing a \$51,000 grant to upgrade the walk-ways and paths in the Wetlands Park, this work will be undertaken at the end of the year.



Main Street Upgrade

Health and Aged Care

Home and Community Care services have provided services to approximately 102 clients from Wagin and West Arthur for the 2013/2014 financial year. This year saw the commencement of regional assessing/reviewing of clients in the Wheatbelt by a regional assessment team. This seems to be working successfully with very little wait time for services for high priority clients.

There were 26 new clients admitted to the service, 4 clients passed away, 3 went to permanent care and 5 relocated out of Wagin.

HACC held a number of combined outings with Boddington and Narrogin Homecare clients during the year attending Senior's Expo's, Senior's week events, Melbourne Cup luncheons and regular Day Centre Activities.



Seniors Have a Go day

We conducted a successful senior friendly survey amongst the aged in the community, this survey was invaluable in determining their thought on service and facility provision. Also, an aged friendly audit was conducted with in the town, this lead to the successful grant to upgrade footpaths, walkways, ramps and curbs. This grant funded project will be completed in the 2015/2016 financial year.

Asset Management

Council adopted an Asset Management Policy, this policy will guide Council into th future on how we manage our assets.

Staff continued to carry out essential maintenance and upgrades on Council's asset base, this maintenance work is essential to ensure the asset continues to service the community well into the future.

Community Development

Council, in conjunction with the Wagin Community Resource Centre (CRC), continue to update the community with Shire and club / organisation events. The Shire's website, Facebook, SAM trailer and the CRC's mailing list are all very important mediums to inform the community.

Council's Club Development officer facilitated numerous workshops and seminars for the sporting and community clubs, she also provided support for Noongar Sport and Fair Game sporting days.

2014 Christmas Street Carnival made a return to the main street, it was a great success and well attended by the community. Filled with stalls, music, food outlets and entertainment for the kids it was fantastic family night. Congratulations to the Wagin Action Group and other service groups on a job well done.

Tourism and Promotion and Economic Development

Council's RV area attracted many visitors throughout the year. Caravan and Motor Home groups had a number of rallies and all were very happy with the facilities the Shire had to offer. Staff have been assisting The "Solo" RV group plan their up-coming rally in October this year, it is estimated some 150 motor homes will visit and stay in Wagin.

The Growers Market held on October 25th attracted 20 stalls. All feedback was positive and there is a demand to hold them more frequently.



Model Jets at the Airstrip

A number of events were held at the Wagin airstrip including "Fly-ins" in March and April, model jets and the aerobatic model club. All these aero events attract people into the town that leads to valuable dollars spent in the town and more exposure for Wagin.

Woolorama 2015 was a great success and again Council supporting the event with its work force before and during the event.



Clean Up Australia Day

Library Gallery

Wagin Shire Librarian, Stephanie Dymmock, continues to promote and grow the library for the benefit of the community. Stephanie and her staff are very proactive in attracting authors to town, holding book launches and young writers workshops to name a few.

The Wagin Library & Gallery Writers' Group convened for the first time in February, this group continues to grow and compliments the existing Book Club that meets every fortnight.

Sport and Recreation

The new Managers Office/Kiosk/Change Rooms at the Wagin Memorial Swimming Pool was completed in time for 2014/2015 pool season. The building is an incredible facility and a credit to local builders Sandy Scardetta and Darren Smith, their workers and the local tradesman.

It was a very successful year for the Wagin Memorial Swimming Pool with the unveiling and first year operation of the new building. Jen Bannerman continued as Pool Manager, ably supported by Kim Hough, both staff did a tremendous job.



Shire Pool Staff

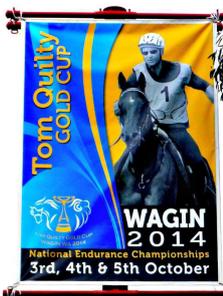
The pool recorded 10,438 entries throughout the season, the pool also hosted an Austswim course, swimming lessons, school swim carnival and a very successful night party. The Wagin Amateur Swimming Club also held a very successful annual Twilight Swim meet.



New Pool Building

The Wagin Recreation Centre recorded its most successful and productive year for a number of years. This was largely due to the commitment and continuity of Recreation Centre Manager Kim Hough.

Junior Basketball recorded record numbers, other sports and activities included indoor soccer, badminton, netball, volleyball, indoor hockey, School sports, Fair Game sports day and Noongar sports program.



The Tom Quilty Gold Cup was held in Wagin in October last year, the most prestigious horse endurance race in Australia was an outstanding success, Council's fantastic facilities at the showgrounds were show cased during the event. The race was an economic boon for the town with many competitors and their supporters spending weeks in the town. Congratulations to the competitors and the Quilty Committee on a brilliant event.

EMERGENCY MANAGEMENT

Key staff attended various Emergency Management and Bushfire control courses and workshops throughout the year. Council welcomed new Community Emergency Services Manager, Andrienna Ciric. Staff have ably supported both the Bushfire Brigades and Wagin SES throughout the year in managing the Emergency Services Levy process.

The Piesseville Bushfire Brigade was fortunate to receive a new bush fire tender.

DISABILITY ACCESS AND INCLUSION PLAN (DAIP)

The Shire has followed its Disability Inclusion and Access Audit by improving its services and access to facilities throughout the year. There has been a particular focus on upgrading footpaths throughout the town. The Shire now complies with the new outcome 7 and will carry out the mandatory 5 yearly review of our DAIP in late 2015.



Official Opening of the New Swimming Pool Building



Well-Aged Cottage Homes Stage 2

WORKS & SERVICES

The Works & Services Division covers a diverse range of functions and service provision and is responsible for the management of the Towns infrastructure assets including roads, footpaths, parks, reserves, stormwater drainage, street trees and cemetery.

Capital Works

Capital Roadwork's form a major portion of the Council's annual budget expenditure. Council has in recent years followed a stringent program of resealing works which is aimed at preserving Council's existing sealed road assets. A Ten Year Road and Plant Replacement Program has been developed for future works. Major works that were completed for this year included:

- Reseals on Jaloran, Collanilling and Behn Ord Roads
- Intersection upgrade on Beaufort/Norring Road
- Clear, widen and gravel sheeting of Dongolocking, Lime Lake East and Nobles Roads
- Gravel Sheetting of Bullockhills, Piesseville/Jaloran, Behn Ord and Farrow Roads
- Footpath Upgrades on Randford and Traverse Streets



Collanilling Road

Refuse Site

The construction of gravel pads at the Refuse Site were undertaken to ready the site for the transfer station and relocating of the oil shed.

Road Maintenance

Grading, rolling, cleaning of drainage and culverts on Council's roads are performed throughout the Shire as part of the Council's maintenance program. Tar patching roads and replacing white posts were also a high priority as was street tree maintenance and weed spraying in both the town site and rural areas.



Main Roads – Dumbleyung Road
Culverts

Main Roads Works

The shire has undertaken private works for main roads to widen shoulders and culvert extensions on the Dumbleyung Road for heavy vehicles movements and the safety of road users.

Ranger Services

The ranger has maintained a high level of service to the district. Regular patrols for stray animals, unregistered off-road vehicles, litter control and damage to nature reserves have proved highly effective. The rehoming of animals through 'Wish Animal Rescue' has been a large achievement in this area of Shire Services.

Plant/Machinery

All plant and machinery was required to be fitted with stop switches, isolation switches and flashing lights in accordance with main roads specifications. The 2007 Caterpillar Grader was traded in for a new 2014 Komatsu Grader.



Komatsu Grader

Wetlands Park

The waterfall was upgraded and made operational during this period, with the uplift consisting of concreting, replanting and the waterlines re-laid. The bins were also replaced to stop the spread of litter



Visiting Cycle Group with the Bart the Giant Ram



Wagin Wild Flowers



SHIRE OF WAGIN

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2015

**SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

**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 other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 27th day of November 2015



Peter Webster
Chief Executive Officer

**SHIRE OF WAGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	1,977,138	2,021,452	1,874,933
Operating grants, subsidies and contributions	28	3,643,935	1,999,472	1,429,572
Fees and charges	27	634,764	522,582	920,614
Interest earnings	2(a)	81,520	68,594	59,104
Other revenue		755,419	688,700	999,335
		<u>7,092,775</u>	<u>5,300,800</u>	<u>5,283,557</u>
Expenses				
Employee costs		(2,394,589)	(2,048,165)	(2,214,629)
Materials and contracts		(2,182,519)	(1,566,027)	(1,461,843)
Utility charges		(335,233)	(323,623)	(334,708)
Depreciation on non-current assets	2(a)	(1,407,197)	(1,124,433)	(1,339,039)
Interest expenses	2(a)	(51,166)	(51,166)	(54,577)
Insurance expenses		(203,379)	(180,935)	(169,054)
Other expenditure		(261,595)	(331,372)	(330,242)
		<u>(6,835,678)</u>	<u>(5,625,721)</u>	<u>(5,904,091)</u>
		257,097	(324,921)	(620,534)
Non-operating grants, subsidies and contributions	28	939,485	1,510,796	1,323,158
Profit on asset disposals	20	23,131	13,246	5,228
Loss on asset disposals	20	(13,780)	(8,228)	(8,181)
Net result		1,205,933	1,190,893	699,671
Other comprehensive income				
Changes on revaluation of non-current assets	12	14,768,634	0	9,661,552
Total other comprehensive income		14,768,634	0	9,661,552
Total comprehensive income		<u>15,974,567</u>	<u>1,190,893</u>	<u>10,361,223</u>

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

SHIRE OF WAGIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget	2014 \$
Revenue	2(a)			
Governance		20,346	1,432	9,964
General purpose funding		5,103,624	4,363,542	2,762,576
Law, order, public safety		77,771	67,000	81,112
Health		81,990	92,320	88,521
Education and welfare		414,228	383,980	382,021
Community amenities		355,900	302,602	298,316
Recreation and culture		102,209	93,360	74,963
Transport		178,663	112,600	218,943
Economic services		86,718	62,150	66,243
Other property and services		671,328	619,246	1,300,897
		<u>7,092,777</u>	<u>6,098,232</u>	<u>5,283,556</u>
Expenses	2(a)			
Governance		(391,473)	(391,528)	(479,902)
General purpose funding		(446,765)	(393,445)	(439,767)
Law, order, public safety		(267,356)	(194,382)	(208,523)
Health		(319,529)	(287,679)	(269,981)
Education and welfare		(443,434)	(479,647)	(432,865)
Community amenities		(579,713)	(473,362)	(540,924)
Recreation and culture		(1,003,044)	(855,863)	(988,086)
Transport		(1,432,071)	(1,474,369)	(1,333,478)
Economic services		(239,316)	(260,841)	(272,329)
Other property and services		(1,661,813)	(1,560,871)	(883,659)
		<u>(6,784,514)</u>	<u>(6,371,987)</u>	<u>(5,849,514)</u>
Finance costs	2(a)			
Recreation and culture		(27,580)	(27,580)	(29,140)
Economic services		(2,365)	(2,365)	(3,199)
Other property and services		(21,221)	(21,221)	(22,238)
		<u>(51,166)</u>	<u>(51,166)</u>	<u>(54,577)</u>
Non-operating grants, subsidies and contributions				
General purpose funding		51,085	802,000	222,954
Law, order, public safety		316,602	0	347,142
Community amenities		0	20,000	0
Recreation and culture		40,333	40,333	121,000
Transport		524,865	648,463	592,063
Economic services		6,600	0	40,000
	28	<u>939,485</u>	<u>1,510,796</u>	<u>1,323,159</u>
Profit/(Loss) on disposal of assets				
Governance		(9,664)	(3,660)	0
Health		0	2,892	0
Education and welfare		0	0	(8,181)
Transport		5,015	5,786	0
Other property and services		14,000	0	5,228
	20	<u>9,351</u>	<u>5,018</u>	<u>(2,953)</u>
Net result		<u>1,205,933</u>	<u>1,190,893</u>	<u>699,671</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	14,768,634	0	9,661,552
Total other comprehensive income		<u>14,768,634</u>	<u>0</u>	<u>9,661,552</u>
Total comprehensive income		<u>15,974,567</u>	<u>1,190,893</u>	<u>10,361,223</u>

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

**SHIRE OF WAGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,083,020	1,352,327
Trade and other receivables	4	363,719	565,729
Inventories	5	47,653	47,653
TOTAL CURRENT ASSETS		<u>2,494,392</u>	<u>1,965,709</u>
NON-CURRENT ASSETS			
Other receivables	4	141,678	165,695
Property, plant and equipment	6	20,271,967	20,016,345
Infrastructure	7	37,077,146	21,742,901
TOTAL NON-CURRENT ASSETS		<u>57,490,791</u>	<u>41,924,941</u>
TOTAL ASSETS		<u>59,985,184</u>	<u>43,890,650</u>
CURRENT LIABILITIES			
Trade and other payables	8	528,889	406,115
Current portion of long term borrowings	9	75,925	63,751
Provisions	10	325,917	282,207
TOTAL CURRENT LIABILITIES		<u>930,731</u>	<u>752,073</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	765,254	841,179
Provisions	10	61,994	44,759
TOTAL NON-CURRENT LIABILITIES		<u>827,248</u>	<u>885,938</u>
TOTAL LIABILITIES		<u>1,757,979</u>	<u>1,638,011</u>
NET ASSETS		<u>58,227,205</u>	<u>42,252,639</u>
EQUITY			
Retained surplus		28,519,252	27,482,952
Reserves - cash backed	11	1,115,596	945,963
Revaluation surplus	12	28,592,357	13,823,723
TOTAL EQUITY		<u>58,227,205</u>	<u>42,252,638</u>

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

**SHIRE OF WAGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		26,268,947	1,460,297	4,162,171	31,891,415
Comprehensive income					
Net result		699,671	0	0	699,671
Changes on revaluation of non-current assets	12	0	0	9,661,552	9,661,552
Total comprehensive income		699,671	0	9,661,552	10,361,223
Transfers from/(to) reserves		514,334	(514,334)	0	0
		27,482,952	945,963	13,823,723	42,252,638
Balance as at 30 June 2014					
Comprehensive income					
Net result		1,205,933	0	0	1,205,933
Changes on revaluation of non-current assets	12	0	0	14,768,634	14,768,634
Total comprehensive income		1,205,933	0	14,768,634	15,974,567
Transfers from/(to) reserves		(169,633)	169,633	0	0
		28,519,252	1,115,596	28,592,357	58,227,205
Balance as at 30 June 2015					

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

**SHIRE OF WAGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,010,239	2,031,452	1,896,137
Operating grants, subsidies and contributions		3,808,888	2,042,086	1,558,494
Fees and charges		634,764	532,582	920,615
Service charges		0	0	0
Interest earnings		81,520	68,594	59,103
Goods and services tax		382,621	150,000	69,526
Other revenue		755,419	688,700	999,334
		<u>7,673,451</u>	<u>5,513,414</u>	<u>5,503,209</u>
Payments				
Employee costs		(2,298,167)	(2,005,687)	(2,166,618)
Materials and contracts		(2,078,633)	(1,417,228)	(1,327,126)
Utility charges		(335,233)	(231,623)	(334,708)
Interest expenses		(51,313)	(51,166)	(54,922)
Insurance expenses		(203,379)	(180,935)	(169,054)
Goods and services tax		(381,014)	(150,000)	(89,678)
Other expenditure		(261,595)	(331,372)	(330,242)
		<u>(5,609,334)</u>	<u>(4,368,011)</u>	<u>(4,472,348)</u>
Net cash provided by (used in) operating activities	13(b)	<u>2,064,117</u>	<u>1,145,403</u>	<u>1,030,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	0	0
Payments for purchase of property, plant & equipment		(1,267,597)	(1,918,173)	(1,688,438)
Payments for construction of infrastructure		(1,177,481)	(1,375,111)	(1,168,468)
Advances to community groups		0	0	0
Non-operating grants, Subsidies and contributions		939,485	1,510,796	1,323,158
Proceeds from sale of fixed assets		226,000	307,945	45,773
Proceeds from disposal of investments		0	0	0
Proceeds from advances		0	0	0
Net cash provided by (used in) investment activities		<u>(1,279,593)</u>	<u>(1,474,543)</u>	<u>(1,487,975)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(63,751)	(63,751)	(60,340)
Proceeds from self supporting loans		9,923	9,923	9,264
Proceeds from new debentures		0	0	0
Net cash provided by (used in) financing activities		<u>(53,828)</u>	<u>(53,828)</u>	<u>(51,076)</u>
Net increase (decrease) in cash held		730,696	(382,968)	(508,190)
Cash at beginning of year		1,352,327	1,352,327	1,860,516
Cash and cash equivalents at the end of the year	13(a)	<u><u>2,083,023</u></u>	<u><u>969,359</u></u>	<u><u>1,352,326</u></u>

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

**SHIRE OF WAGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		20,346	6,000	9,964
General purpose funding		3,177,571	3,144,091	1,110,597
Law, order, public safety		394,373	67,000	428,254
Health		81,990	95,212	88,521
Education and welfare		414,228	383,980	382,021
Community amenities		355,900	322,602	298,316
Recreation and culture		142,542	133,693	195,963
Transport		712,659	766,849	811,007
Economic services		93,318	62,150	106,243
Other property and services		685,328	619,246	1,306,125
		<u>6,078,255</u>	<u>5,600,823</u>	<u>4,737,011</u>
Expenses				
Governance		(401,137)	(399,756)	(479,902)
General purpose funding		(446,765)	(393,445)	(439,767)
Law, order, public safety		(267,356)	(194,382)	(208,523)
Health		(319,529)	(287,679)	(269,981)
Education and welfare		(443,434)	(479,647)	(441,046)
Community amenities		(579,713)	(473,362)	(540,924)
Recreation and culture		(1,030,624)	(883,443)	(1,017,226)
Transport		(1,436,187)	(1,474,369)	(1,333,478)
Economic services		(241,681)	(263,206)	(275,528)
Other property and services		(1,683,034)	(1,582,092)	(905,897)
		<u>(6,849,460)</u>	<u>(6,431,381)</u>	<u>(5,912,272)</u>
Net result excluding rates		(771,205)	(830,558)	(1,175,261)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	(9,351)	(5,018)	2,953
Movement in Accrued Interest		(146)	0	(345)
Movement in Accrued Salaries and Wages		18,195	0	5,203
Movement in Deferred Pensioners		13,389	0	0
Movement in employee benefit provisions (non-current)		60,942	0	37,491
Depreciation and amortisation on assets	2(a)	1,407,197	1,124,433	1,339,038
Capital Expenditure and Revenue				
Purchase land		0	0	0
Purchase of buildings	6(b)	(425,386)	(1,187,460)	(1,077,288)
Purchase furniture & equipment	6(b)	(57,330)	(72,698)	(75,987)
Purchase plant & equipment	6(b)	(784,881)	(658,015)	(535,163)
Purchase infrastructure - roads	7(b)	(973,881)	(1,112,621)	(981,134)
Purchase infrastructure other	7(b)	(203,600)	(262,490)	(187,334)
Proceeds from disposal of fixed assets	20	226,000	307,945	45,772
Repayment of debentures	21(a)	(63,751)	(63,751)	(60,340)
Proceeds from self supporting loans		9,923	9,923	9,264
Transfers to reserves (restricted assets)	11	(237,279)	(175,104)	(29,012)
Transfers from reserves (restricted assets)	11	67,646	171,709	543,346
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	656,987	732,254	920,851
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	910,607	0	656,987
Total amount raised from general rate	22(a)	<u>(1,977,138)</u>	<u>(2,021,451)</u>	<u>(1,874,933)</u>

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 19 to these financial statements.

(b) 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.

(c) 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

(e) 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.

(f) 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.

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or-

(II) Infrastructure;

and

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

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

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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	50 years
Furniture and Equipment	10 years
Plant and Equipment	10 years
Computer & Electronic Equipment	3 years
Trucks	7 years
Sedans	4 years
Other Plant & Equipment	10 years
Infrastructure Assets	
Sealed Road and Streets	50 years
Unsealed Roads	50 years
Footpaths & Walkways	40 years
Drainage	50 years
Pedestrian Bridges - Wood	20 years
Vehicle Bridges - Wood	20 Years
Vehicle Bridges - Concrete	75 Years
Culverts - Wood	20 Years
Culverts - Concrete	75 Years
Dams	75 Years
Tanks & Reservoirs	35 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 \$3,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 at least every 3 years.

(h) 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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 non-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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) 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.

(i) 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.

(j) 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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.

(p) 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(o) 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 16.

(q) 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.

(r) 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.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

(t) Rounding Off Figures

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

(u) 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.

(v) 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.

(w) Intangible Assets

Easements

Due legislative changes, easements are required to be recognised as assets. They are initially recorded at cost and have an indefinite useful life.

It has been deemed that all easements in the control of the Council have a nil balance.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. it is not expected to have a significant impact on the Shire.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
			Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x)	AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) 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.

These new and revised Standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES	2015 \$	2014 \$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Significant expense and revenue			
General purpose funding	<u>0</u>	<u>0</u>	
This significant expense 'in 2014 relates to the adjustments in fair value of the Shire's investments (refer Note 4 for further details)			
Auditors remuneration			
- Audit of the annual financial report	13,890	11,460	
- Financial Management Review	9,991	0	
Depreciation			
Buildings	372,960	374,055	
Furniture & Equipment	84,427	86,770	
Plant & Equipment	305,091	237,165	
Tools	587	0	
Infrastructure - Roads	602,022	606,832	
Infrastructure Other	<u>42,110</u>	<u>34,216</u>	
	<u>1,407,197</u>	<u>1,339,039</u>	
Interest expenses (finance costs)			
Debentures (refer Note 21 (a))	<u>51,166</u>	<u>54,577</u>	
	<u>51,166</u>	<u>54,577</u>	
Rental charges			
- Operating leases	<u>0</u>	<u>40,197</u>	
	<u>0</u>	<u>40,197</u>	
(ii) Crediting as revenue:			
Other revenue			
Significant revenue (refer above)	488,605	787,629	
Other	<u>266,814</u>	<u>211,706</u>	
	<u>755,419</u>	<u>999,335</u>	
	2015 Actual \$	2015 Budget \$	2014 Actual \$
Interest earnings			
- Reserve funds	52,186	35,594	29,012
- Other funds	18,848	26,000	16,199
Other interest revenue (refer note 26)	<u>10,486</u>	<u>7,000</u>	<u>13,893</u>
	<u>81,520</u>	<u>68,594</u>	<u>59,104</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.

GENERAL PURPOSE FUNDING

Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.

LAW, ORDER, PUBLIC SAFETY

Includes costs associated with fire prevention and control, control of dogs and other animals, abandoned vehicles and supervision of associated local laws.

HEALTH

Includes costs associated with maternal and infant health, analytical expenses ie water sampling, the running of the Regional Health Scheme together with the Shires of Williams and West Arthur.

EDUCATION AND WELFARE

Includes costs associated with the running of the Wagin Pre-School, maintenance of the Wagin District High School oval, the running of the Wagin Home and Community Care Program, including Community Aged Care Packages and some assistance to Wagin Frail Aged Lodge.

COMMUNITY AMENITIES

Includes provision for the collection and disposal of residential, commercial and industrial refuse, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.

RECREATION AND CULTURE

Includes costs associated with public halls, the Wagin Memorial Swimming Centre, Wagin Recreation Centre, sportsground maintenance and sportsground buildings maintenance, the provision of library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.

TRANSPORT

Includes upgrading, constructing, sealing resealing and ongoing maintenance costs associated with roads, footpaths and parking facilities, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.

ECONOMIC SERVICES

Includes control of declared flora and fauna, works associated with Council's inclusion as part of the Rural Town's programme (Salinity Action Plan works), Landcare, LCDC projects, tourism and area promotion, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.

OTHER PROPERTY & SERVICES

Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside works crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Adjustment From 2013/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Community Aged Care Packages	Education & Welfare	34,894	727	(8,637)	26,984		28,796	(17,136)	38,644
Regional Refuse Group	Community Amenities	82,583	70,800	(36,283)	117,100	(117,100)	0	0	0
Royalties for Regions 2012/2013	General Purpose Funding	346,906	0	(323,075)	23,831		0	(23,831)	0
Integrated Planning - Strategic Community Plan	General Purpose Funding	27,654	0	(6,395)	21,259		0	0	21,259
Cat Act Grant	Law, Order & Public Safety	2,535	0	(947)	1,588		0	(1,588)	0
AEDI Local Champions Program	Education & Welfare	0	7,273	(2,439)	4,834		0	(3,747)	1,087
CSRFF Grant - Swimming Pool Stage 2	Recreation & Culture	0	121,000	(74,377)	46,623		40,333	(86,956)	0
Dept Fire & Emergency - 14/15 Funding - SES	Law, Order & Public Safety	0	7,250	0	7,250		28,748	(29,801)	6,196
Roads to Recovery	Transport	0	0	0	0		247,563	(247,563)	0
Community Water Grant - Desalination Project		0	0	0	0		6,600	0	6,600
Healthy Weight Week		0	0	0	0		600	(600)	0
Community Pool Revitalisation Program		0	0	0	0		30,000	(30,000)	0
R4R CLGF - Well Aged Housing Project	Other Property & Services	0	0	0	0		812,196	(812,196)	0
Wheatbelt Development Commission - Aged Friendly Cc	Transport	0	0	0	0		51,084	0	51,084
Dept Fire & Emergency - Capital Projects Grant	Law, Order & Public Safety	0	0	0	0		316,602	(316,602)	0
Total		494,572	207,050	(452,153)	249,469	(117,100)	1,562,521	(1,570,020)	124,870

Notes:

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		842,554	273,994
Restricted		<u>1,240,466</u>	<u>1,078,333</u>
		<u><u>2,083,020</u></u>	<u><u>1,352,327</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	65,842	86,271
Plant Reserve	11	85,840	105,262
Rec Centre Equipment Reserve	11	11,037	10,582
Aerodrome Maintenance & Development Reserve	11	0	1,968
Municipal Buildings Reserve	11	160,311	132,662
Administration Centre Reserve	11	0	2,338
Land Development Reserve	11	147,573	103,367
Community Bus Reserve	11	73,410	61,948
HACC Reserve	11	199,317	146,258
Recreation and Development Reserve	11	60,464	47,792
Refuse Waste Management Reserve	11	127,047	106,718
Wagin Water Management Reserve	11	123,077	120,604
Refuse Site Rehabilitation Reserve	11	31,678	20,194
Town Drainage Reserve	11	30,000	0
Unspent grants	2(c)	<u>124,870</u>	<u>132,369</u>
		<u><u>1,240,466</u></u>	<u><u>1,078,333</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		17,368	37,080
Sundry debtors		315,432	480,385
GST receivable		20,291	21,898
Loans - clubs/institutions		<u>10,628</u>	<u>9,923</u>
		<u><u>363,719</u></u>	<u><u>549,286</u></u>
Non-current			
Rates outstanding - pensioners		52,992	66,381
Loans - clubs/institutions		<u>88,686</u>	<u>99,314</u>
		<u><u>141,678</u></u>	<u><u>165,695</u></u>
5. INVENTORIES			
Current			
Fuel and materials		<u>47,653</u>	<u>47,653</u>
		<u><u>47,653</u></u>	<u><u>47,653</u></u>
Non-current			
Land held for resale - cost			
Cost of acquisition		0	0
Development costs		<u>0</u>	<u>0</u>
		<u><u>0</u></u>	<u><u>0</u></u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land at:		
- Independent valuation 2014 - level 2	1,684,600	1,690,600
- Additions after valuation - cost	<u>0</u>	<u>0</u>
	1,684,600	1,690,600
	<u>1,684,600</u>	<u>1,690,600</u>
Buildings at:		
- Management valuation 201X - level X	16,030,536	8,510,773
- Additions after valuation - cost	425,386	7,553,081
Less: accumulated depreciation	<u>(754,050)</u>	<u>(382,147)</u>
	15,701,872	15,681,707
	<u>15,701,872</u>	<u>15,681,707</u>
Total land and buildings	<u>17,386,472</u>	<u>17,372,307</u>
Furniture & Equipment at:		
- Management valuation 201X - level X	1,354,598	1,221,281
- Additions after valuation - cost	0	75,987
Less accumulated depreciation	<u>(904,455)</u>	<u>(820,028)</u>
	450,143	477,240
Plant & Equipment at:		
- Management valuation 201X - level X	2,129,163	1,886,000
- Additions after valuation - cost	784,881	515,163
Less accumulated depreciation	<u>(479,044)</u>	<u>(235,304)</u>
	2,435,000	2,165,859
Tools at:		
- Management valuation 201X - level X	11,355	11,355
Less accumulated amortisation	<u>(11,003)</u>	<u>(10,416)</u>
	352	939
	<u>20,271,967</u>	<u>20,016,345</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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 \$	Change in Class \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land	1,690,600		0	(6,000)	0	0	0	0	1,684,600
Total land	1,690,600	0	0	(6,000)	0	0	0	0	1,684,600
Buildings	15,681,707	(32,261)	425,386	0	0	0	(372,960)	0	15,701,872
Total buildings	15,681,707	(32,261)	425,386	0	0	0	(372,960)	0	15,701,872
Total land and buildings	17,372,307	(32,261)	425,386	(6,000)	0	0	(372,960)	0	17,386,472
Furniture & Equipment	477,240		57,330	0	0	0	(84,427)	0	450,143
Plant & Equipment	2,165,859		784,881	(210,649)	0	0	(305,091)	0	2,435,000
Tools	939		0	0	0	0	(587)	0	352
Total property, plant and equipment	20,016,345	(32,261)	1,267,597	(216,649)	0	0	(763,065)	0	20,271,967

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered Valuers		Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties	Independent registered Valuers		Price per hectare/market borrowing rate
Furniture & Equipment					
Plant & Equipment	3		Management Valuation		Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

Tools

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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Independent valuation 2015 - level 3	34,717,000	29,119,990
- Additions after valuation - cost	973,881	981,134
Less accumulated depreciation	<u>0</u>	<u>(9,550,737)</u>
	<u>35,690,881</u>	<u>20,550,387</u>
 Infrastructure Other		
- Management valuation 201X - level X	1,636,055	1,211,804
- Additions after valuation - cost	0	187,334
Less accumulated depreciation	<u>(249,790)</u>	<u>(206,624)</u>
	<u>1,386,265</u>	<u>1,192,514</u>
 User defined		
	<u><u>37,077,146</u></u>	<u><u>21,742,901</u></u>

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

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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	Change in Class	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	20,550,387		973,881	0	14,768,635	0	(602,022)	0	35,690,881
Infrastructure Other	1,192,514	32261	203,600	0	0	0	(42,110)	0	1,386,265
Total infrastructure	<u>21,742,901</u>	<u>32,261</u>	<u>1,177,481</u>	<u>0</u>	<u>14,768,635</u>	<u>0</u>	<u>(644,132)</u>	<u>0</u>	<u>37,077,146</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$14,768,635 in the net value of infrastructure.

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost Approach using depreciated replacement cost		June 2015	Construction Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Infrastructure Other

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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	331,783	305,156
Accrued interest on debentures	3,962	4,109
Accrued salaries and wages	67,367	49,172
ATO liabilities	48,518	31,236
Regional Refuse Group Accrued Funds	77,259	0
	528,889	389,673

9. LONG-TERM BORROWINGS

Current

Secured by floating charge		
Debentures	75,925	63,751
	75,925	63,751

Non-current

Secured by floating charge		
Debentures	765,254	841,179
	765,254	841,179

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	140,255	141,952	282,207
Non-current provisions	0	44,759	44,759
	140,255	186,711	326,966
Additional provision	34,298	26,647	60,945
Balance at 30 June 2015	174,553	213,358	387,911
Comprises			
Non-current	0	61,994	61,994
	0	61,994	61,994

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	86,271	86,271	84,876
Amount set aside / transfer to reserve	4,571	3,192	1,395
Amount used / transfer from reserve	(25,000)	0	0
	<u>65,842</u>	<u>89,463</u>	<u>86,271</u>
(b) Plant Reserve			
Opening balance	105,262	105,262	102,264
Amount set aside / transfer to reserve	5,578	3,895	2,998
Amount used / transfer from reserve	(25,000)	(25,000)	0
	<u>85,840</u>	<u>84,157</u>	<u>105,262</u>
(c) Rec Centre Equipment Reserve			
Opening balance	10,582	10,582	10,405
Amount set aside / transfer to reserve	4,064	3,992	177
Amount used / transfer from reserve	(3,609)	(5,409)	0
	<u>11,037</u>	<u>9,165</u>	<u>10,582</u>
(d) Aerodrome Maintenance & Development Reserve			
Opening balance	1,968	1,968	1,933
Amount set aside / transfer to reserve	42	73	35
Amount used / transfer from reserve	(2,010)	0	0
	<u>0</u>	<u>2,041</u>	<u>1,968</u>
(e) Municipal Buildings Reserve			
Opening balance	132,662	132,662	565,477
Amount set aside / transfer to reserve	27,648	24,909	10,531
Amount used / transfer from reserve	0	0	(443,346)
	<u>160,311</u>	<u>157,571</u>	<u>132,662</u>
(f) Administration Centre Reserve			
Opening balance	2,338	2,338	2,295
Amount set aside / transfer to reserve	50	87	43
Amount used / transfer from reserve	(2,388)	0	0
	<u>0</u>	<u>2,425</u>	<u>2,338</u>
(g) Land Development Reserve			
Opening balance	103,367	103,367	101,071
Amount set aside / transfer to reserve	44,206	17,235	2,296
Amount used / transfer from reserve	0	0	0
	<u>147,573</u>	<u>120,602</u>	<u>103,367</u>
(h) Community Bus Reserve			
Opening balance	61,948	61,948	60,865
Amount set aside / transfer to reserve	11,462	2,292	1,083
Amount used / transfer from reserve	0	(60,000)	0
	<u>73,410</u>	<u>4,240</u>	<u>61,948</u>
(i) HACC Reserve			
Opening balance	146,258	146,258	143,684
Amount set aside / transfer to reserve	53,059	37,911	2,574
Amount used / transfer from reserve	0	(27,500)	0
	<u>199,317</u>	<u>156,669</u>	<u>146,258</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (CONTINUED)			
(j) Recreation and Development Reserve			
Opening balance	47,792	47,792	144,022
Amount set aside / transfer to reserve	12,672	11,768	3,770
Amount used / transfer from reserve	0	0	(100,000)
	60,464	59,560	47,792
(k) Refuse Waste Management Reserve			
Opening balance	106,717	106,717	104,994
Amount set aside / transfer to reserve	26,169	23,948	1,723
Amount used / transfer from reserve	(5,839)	(50,000)	0
	127,047	80,665	106,717
(l) Wagin Water Management Reserve			
Opening balance	120,604	120,604	118,411
Amount set aside / transfer to reserve	6,273	4,462	2,193
Amount used / transfer from reserve	(3,800)	(3,800)	0
	123,077	121,266	120,604
(m) Refuse Site Rehabilitation Reserve			
Opening balance	20,194	20,194	20,000
Amount set aside / transfer to reserve	11,485	10,747	194
Amount used / transfer from reserve	0	0	0
	31,678	30,941	20,194
(n) Town Drainage Reserve			
Opening balance	0	0	0
Amount set aside / transfer to reserve	30,000	30,593	0
Amount used / transfer from reserve	0	0	0
	30,000	30,593	0
TOTAL RESERVES	1,115,596	949,358	945,963
Total Opening balance	945,963	945,963	1,460,297
Total Amount set aside / transfer to reserve	237,279	175,104	29,012
Total Amount used / transfer from reserve	(67,646)	(171,709)	(543,346)
TOTAL RESERVES	1,115,596	949,358	945,963

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.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

11. RESERVES - CASH BACKED (CONTINUED)

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

(a) Leave Reserve

The purpose of Council's Leave Reserve Account is to provide provisions to meet Council's Long Service Leave and Accrued Annual Leave liabilities so as to minimise the effect on Council's budget from year to year.

(b) Plant Reserve

The purpose of the Plant reserve account is to provide funds for the ongoing replacement and upgrading of motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.

(c) Rec Centre Equipment Reserve

The purpose of the Recreation Centre Equipment Reserve is to provide funds for the purchase of additional or replacement equipment utilised at the Wagin Community Recreation Centre including the upgrading or replacement of fixtures and fittings.

(d) Aerodrome Maintenance & Development Reserve

The purpose of this Reserve is to provide for major maintenance type works (eg resealing of apron area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, upgrading buildings, fences etc) at the Wagin Airstrip.

(e) Municipal Buildings Reserve

The purpose of the Municipal Buildings Reserve is to provide funds for the upgrading, renovating or restoration of existing Council owned buildings and the construction of new Council owned buildings, including fences and Council houses.

(f) Administration Centre Reserve

The purpose of this Reserve is to provide for the purchase of furniture, fittings and equipment with the Council's entire administration building.

(g) Land Development Reserve

The purpose of this Reserve is to provide funds for the development of land within the Wagin Shire for the benefit of residents and the good Government of the local authority, as determined by Council. This includes the purchase, subdivision and development of land for industrial, residential, commercial and other purposes, as the need arises and as Council sees fit.

(h) Community Bus Reserve

The purpose of this Reserve is to provide funds to allow for the maintenance, upgrade and changeover of the Wagin Community Bus as required from time to time.

(i) HACC Reserve

The purpose of this Reserve is to provide provisions to meet the HACC long service leave and accrued annual leave liabilities so as to minimise the effect on the HACC budget from year to year and to provide for the replacement of vehicles, should grant monies not be provided or are insufficient to meet requirements.

(j) Recreation and Development Reserve

The purpose of the Recreation Development Reserve is to provide funds for the expansion, upgrading and development of Council's Recreation facilities. This includes the upgrading of water supplies and the like for recreation areas within the Shire of Wagin.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

11. RESERVES - CASH BACKED (CONTINUED)

(k) Refuse Waste Management Reserve

The purpose of the Refuse Site / Waste Management Reserve is to provide funds for a new regional refuse site, build a new Waster Transfer Statio, future costs for waste management, recycling and working towards zero waste.

(l) Wagin Water Management Reserve

The purpose of the Wagin Water management Plan is to ensure Council spends the surplus Rural Towns grant and Council funds on measures and projects in line with the water management plan.

(m) Refuse Site Rehabilitation Reserve

The purpose of the Refuse Site Rehabilitation Reserve is to provide funds to rehabilitate the existing refuse site at Brockman Road once the site has been replaced with a Waste transfer Station.

(n) Town Drainage Reserve

The purpose of creating this new reserve is to provide funds to maintain and upgrade the existing drainage refuse site at Brockman Road once the site has been replaced with a Waste transfer Station.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Asset Revaluation Reserve - Roads		
Opening balance	3,893,170	0
Revaluation increment	14,768,634	3,893,170
Revaluation decrement	0	0
	<u>18,661,804</u>	<u>3,893,170</u>
(b) Asset Revaluation Reserve - Land		
Opening balance	1,440,841	0
Revaluation increment	0	1,440,841
Revaluation decrement	0	0
	<u>1,440,841</u>	<u>1,440,841</u>
(c) Asset Revaluation Reserve - Buildings		
Opening balance	8,220,711	0
Revaluation increment	0	8,220,711
Revaluation decrement	0	0
	<u>8,220,711</u>	<u>8,220,711</u>
(d) Asset Revaluation Reserve - Plant & Equipment		
Opening balance	269,001	269,001
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>269,001</u>	<u>269,001</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>28,592,357</u></u>	<u><u>13,823,723</u></u>

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>2,083,020</u>	<u>969,359</u>	<u>1,352,327</u>

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

Net result	1,205,933	1,190,893	699,671
Non-cash flows in Net result:			
Depreciation	1,407,197	1,124,433	1,339,039
(Profit)/Loss on sale of asset	(9,351)	(5,018)	2,953
Fair value adjustments to financial assets at fair value through profit or loss	0	0	0
Loss on revaluation of fixed assets	0	0	0
Non-current assets recognised due to changes in legislative requirements	0	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	199,661	60,129	147,041
(Increase)/Decrease in inventories	0	(1,648)	(4,301)
Increase/(Decrease) in payables	122,774	287,410	132,126
Increase/(Decrease) in provisions	60,945	0	37,491
Grants contributions for the development of assets	<u>(939,485)</u>	<u>(1,510,796)</u>	<u>(1,323,158)</u>
Net cash from operating activities	<u>2,047,674</u>	<u>1,145,403</u>	<u>1,030,862</u>

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

	2015 \$		2014 \$
Bank overdraft limit	0		0
Bank overdraft at balance date	0		0
Credit card limit	14,000		14,000
Credit card balance at balance date	<u>(1,035)</u>		<u>(1,736)</u>
Total amount of credit unused	<u>12,965</u>		<u>12,264</u>

Loan facilities

Loan facilities - current	75,925		63,751
Loan facilities - non-current	765,254		841,179
Total facilities in use at balance date	<u>841,179</u>		<u>904,930</u>

Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>
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**SHIRE OF WAGIN
FOR THE YEAR ENDED 30TH JUNE 2015**

14. CONTINGENT LIABILITIES

The Shire has no contingent liabilities as at 30th June 2015

15. CAPITAL AND LEASING COMMITMENTS	2015	2014
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	0	40,197
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>40,197</u>

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.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	3,550,043	3,572,370
General purpose funding	758,206	369,592
Law, order, public safety	1,054,504	737,097
Health	798,162	798,425
Education and welfare	445,356	374,789
Housing	0	0
Community amenities	685,988	585,999
Recreation and culture	10,904,341	10,473,407
Transport	24,796,641	23,276,763
Economic services	416,678	414,205
Other property and services	2,472,992	2,433,537
Unallocated	163,181	854,465
	<u>46,046,092</u>	<u>43,890,649</u>

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

18. FINANCIAL RATIOS	2015	2014	2013
Current ratio	(1.38)	(1.22)	1.31
Asset sustainability ratio	1.62	2.10	2.86
Debt service cover ratio	15.01	6.72	7.99
Operating surplus ratio	0.10	(0.22)	(0.09)
Own source revenue coverage ratio	0.40	0.48	0.52

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 59 of this document.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Deposits - Town Hall	700	3,150	(3,350)	500
Deposits - Community Bus	750	2,550	(3,000)	300
Deposits - Rec Ctr & EFP	2,312	9,450	(7,900)	3,862
Deposits - Animal Trap	0	0	0	0
BCITF	0	7,180	(2,826)	4,354
Building Services Levy	0	4,371	(2,371)	2,000
Nomination Deposits	0	0	0	0
Pre-Paid Rates	0	0	0	0
Other Deposits	118,539	200	(117,300)	1,439
Unclaimed Monies	1,733	0	0	1,733
Transport Licensing	10,784	1,237,558	(1,238,262)	10,080
Bank Charges	0	0	0	0
Banking Errors	0	0	0	0
Deposit - Refuse Site Key	20	0	0	20
In Lieu of Public Open Space	8,200	0	0	8,200
Staff Christmas Fund	2,280	10,855	(4,430)	8,705
Trust Accounts Recievable	(192)	0	0	(192)
Cemetery Shelter Contributions	0	1,000	0	1,000
	<u>145,125</u>			<u>42,001</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
CEO Vehicle - Toyota Kluger	28,603	26,228	22,727	18,000	(5,876)	(8,228)
MFCS Vehicle - Holden Captiva	21,970	20,292	18,182	23,000	(3,788)	2,708
MCRS Vehcile - Holden Captiva Health	0	21,140	0	23,000	0	1,860
Dr Vehicle - Mazda CX5	0	25,108	0	28,000	0	2,892
	0	0	0	0	0	0
Community Bus - Toyota Coast	0	42,445	0	42,445	0	0
Transport						
MOW Vehicle - Isuzu Dmax	29,571	25,514	25,455	28,000	(4,116)	2,486
Grader - 2007 Cat	123,740	135,000	131,000	136,000	7,260	1,000
P27 - Mitsubishi Ute	3,465	3,600	4,091	4,500	626	900
P26 - Mitsubishi Ute	3,300	3,600	4,545	5,000	1,245	1,400
Other Property & Services						
Lot 577 Vale Street	3,000	0	10,000	0	7,000	0
Lot 578 Vale Street	3,000	0	10,000	0	7,000	0
	<u>216,649</u>	<u>302,927</u>	<u>226,000</u>	<u>307,945</u>	<u>9,351</u>	<u>5,018</u>
					Profit	23,131
					Loss	(13,780)
						<u>9,351</u>
						<u>5,018</u>

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture								
Loan 131 - Recreation Centre	97,922	0	6,794	6,794	91,128	91,128	6,150	6,150
Loan 133 - Wagin Bowling Club SSL *	109,237	0	9,923	9,923	99,314	99,314	7,217	7,217
Loan 139 - Swimming Pool Redevelopment	281,789	0	9,823	9,823	271,966	271,966	14,213	14,213
Economic services								
Loan 140 - Puntapin Dam Pipeline	62,540	0	19,964	19,964	42,576	42,576	2,365	2,365
Other property and services								
Loan 137 - 5 Arnott Street	223,463	0	9,707	9,707	213,756	213,756	13,188	13,188
Loan 138 - Doctors Residence	129,979	0	7,540	7,540	122,439	122,439	8,033	8,033
	904,930	0	63,751	63,751	841,179	841,179	51,166	51,166

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

Council did not use an overdraft facility during the 2014/2015 Financial year and does not have any overdraft facility in place

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates	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 \$
RATE TYPE											
Differential general rate / general rate											
Gross rental value valuations											
Gross Rental Value	0.1134	906	6,368,746	722,237	1,130	1,245	724,611	749,827	3,000	500	753,327
Unimproved value valuations											
Unimproved Value	0.0072	403	168,380,200	1,217,133	-		1,217,133	1,229,175	2,000	-	1,231,175
Sub-Totals		1,309	174,748,946	1,939,370	1,130	1,245	1,941,744	1,979,002	5,000	500	1,984,502
Minimum payment	Minimum \$										
Gross rental value valuations											
Gross Rental Value	500.0000	162	250,967	81,000			81,000	82,000			82,000
Unimproved value valuations											
Unimproved Value	500.0000	36	1,649,700	18,000			18,000	18,000			18,000
Sub-Totals		198	1,900,667	99,000	-	-	99,000	100,000	-	-	100,000
Ex-gratia rates							2,040,744				2,084,502
Discounts/concessions (refer note 25)							8,420				9,400
Total amount raised from general rate							1,977,138				2,021,452
Specified Area Rate (refer note 23)							-				-
Totals							1,977,138				2,021,452

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>910,607</u>	<u>656,986</u>	<u>656,986</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	967,423	406,363	406,363
Restricted	1,115,596	945,963	945,963
Receivables			
Rates outstanding	17,368	37,080	37,080
Sundry debtors	315,432	480,385	480,385
GST receivable	20,291	21,898	21,898
Loans - clubs/institutions	10,628	9,923	9,923
Inventories			
Fuel and materials	47,653	47,653	47,653
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(331,783)	(305,156)	(305,156)
ATO liabilities	(48,518)	(31,236)	(31,236)
Regional Refuse Group Accrued Funds	(77,259)	0	0
Current portion of long term borrowings			
Secured by floating charge	75,925	63,751	63,751
Net current assets	<u>2,112,756</u>	<u>1,676,624</u>	<u>1,676,624</u>
<u>Less:</u>			
Reserves - restricted cash	(1,115,596)	(945,964)	(945,964)
Development costs	0	0	0
Loans - Clubs/Institutions	(10,628)	(9,923)	(9,923)
<u>Add:</u>			
Secured by floating charge	(75,925)	(63,751)	(63,751)
Surplus/(deficit)	<u>910,607</u>	<u>656,986</u>	<u>656,986</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
			0	0
General Rates	Discount	5.00%	72,027	72,450
			72,027	72,450
Rate Assessment	Write Off	N/A	18,765	31,000

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	10,486	7,000
Charges on instalment plan		5	5,662	5,000
			16,148	12,000

Ratepayers had the option of paying rates in four equal instalments, due on 10th September 2014, 10th November 2014, 12th January 2015 and 12th March 2015. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2015 \$	2014 \$
Governance	0	0
General purpose funding	64,857	55,964
Law, order, public safety	10,702	10,249
Health	4,315	3,929
Education and welfare	58,943	61,400
Housing	0	0
Community amenities	299,498	270,460
Recreation and culture	56,178	53,388
Transport	0	0
Economic services	85,927	56,476
Other property and services	54,344	408,747
	<u>634,764</u>	<u>920,614</u>

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

28. GRANT REVENUE

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

	2015	2014
By Nature or Type:	\$	\$
Operating grants, subsidies and contributions	3,643,935	1,429,572
Non-operating grants, subsidies and contributions	939,485	1,323,158
	<u>4,583,420</u>	<u>2,752,731</u>
By Program:		
Governance	20,344	9,518
General purpose funding	2,953,793	918,299
Law, order, public safety	372,101	413,544
Health	77,675	84,592
Education and welfare	354,882	320,225
Housing	0	0
Community amenities	11,633	21,111
Recreation and culture	85,359	140,844
Transport	684,532	793,961
Economic services	7,351	45,045
Other property and services	15,750	5,592
	<u>4,583,420</u>	<u>2,752,731</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	<u>35</u>	<u>24</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015		2014
	\$	Budget		\$
		\$		
Meeting Fees	18,783	15,000		13,739
President's allowance	9,000	9,000		9,000
Deputy President's allowance	2,250	2,250		1,125
Travelling expenses	3,780	3,500		3,017
Telecommunications allowance	0	0		0
	<u>33,813</u>	<u>29,750</u>		<u>26,881</u>

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

31. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,083,020	1,352,327	2,083,020	1,352,327
Investments	0	0	0	0
Receivables	505,397	731,424	505,397	731,424
	<u>2,588,417</u>	<u>2,083,751</u>	<u>2,588,417</u>	<u>2,083,751</u>
Financial liabilities				
Payables	528,889	406,115	528,889	406,115
Borrowings	841,179	904,930	(795,660)	(851,639)
	<u>1,370,068</u>	<u>1,311,045</u>	<u>(266,771)</u>	<u>(445,524)</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	20,830	13,523
- Statement of Comprehensive Income	20,830	13,523

Notes:

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. 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:

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	32%	97%
- Overdue	68%	3%

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	(528,889)	0	0	(528,889)	(528,889)
Borrowings	114,917	392,683	689,028	1,196,628	(841,179)
	<u>(413,972)</u>	<u>392,683</u>	<u>689,028</u>	<u>667,739</u>	<u>(1,370,068)</u>
<u>2014</u>					
Payables	406,116	0	0	406,116	406,116
Borrowings	154,943	356,910	393,077	904,930	904,930
	<u>561,059</u>	<u>356,910</u>	<u>393,077</u>	<u>1,311,046</u>	<u>1,311,046</u>

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (continued)**

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debtentures	0	42,576	0	0	0	798,603	841,179	5.82%
Weighted average								
<u>Year ended 30 June 2014</u>								
Borrowings								
Fixed rate								
Debtentures	0	0	62,540	0	0	842,390	904,930	5.80%
Weighted average								
Effective interest rate	0.00%	0.00%	4.29%	0.00%	0.00%	5.91%		



Perth Office

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INDEPENDENT AUDIT REPORT TO THE SHIRE OF WAGIN

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Wagin which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Byfields Pty Ltd ACN 150 608 398

DIRECTORS: Andrew Northcott B.Com CPA • Craig Lane B.Com CPA • Dale Woodruff B.Bus CPA • Jon Bush B.Com CPA • Leanne Oliver B.Com CPA
Neil Hooper B.Com CPA • Simon Northey B.Bus CPA • Glenn Waldoock B.Bus CPA • Roger Thomson B.Bus CA • Brant Jansen B.Bus CPA

ASSOCIATES: Ian Jones B.Com CPA • Lea Williams B.Com CA • Ryan Naughton B.Com CPA • Tony Umbrello B.Bus CA

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Statutory Compliance

During the course of our audit we did not become aware of the any matters which did not comply with the Local Government (Financial Management) Regulations 1996 (as amended) or the Local Government Act 1995.

Auditor's Opinion

In our opinion, the financial report of the Shire of Wagin is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) including:

- i) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).



LEANNE OLIVER CPA
Director

BYFIELDS
BELMONT WA

Date: 30 November 2015

**SHIRE OF WAGIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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

	2015	2014	2013
Asset consumption ratio	0.96	0.730	N/A
Asset renewal funding ratio	0.446	0.523	N/A

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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$