

2015/2016

# ANNUAL REPORT



[WWW.SHIRE.COM.AU](http://WWW.SHIRE.COM.AU)



### Shire of Wagin

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Tel: (08) 9861 1177 Fax: (08) 9861 1204

### Shire Statistics

Population	1,905
Number of Electors	1,295
Number of Dwellings	952
Distance from Perth (km)	227
Area (sq km)	1,950
Suburbs and Localities	Piesseville, Wagin
Length of Sealed Roads (km)	260
Length of Unsealed Roads (km)	626
Rates Levied	\$2,043,540
Total Revenue	\$5,660,402
Council Employees	55

### Tourist Attractions

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

### Local Industries

Sheep, Wool, Grains, Hay, Seed Working/Oat Milling, Engineering, Manufacturing and Extractive Industries.

### Significant Local Events

Wagin Woolorama – Incorporates the State Sheep Show and is held on the 2<sup>nd</sup> 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, Two Wheels to Wagin, Gymkhanarama and the Wagin Burnouts on the last Saturday in October.

## TABLE OF CONTENTS

	Page
Introduction	
General Information	3-6
Shire President's Report	7
Chief Executive Officer's Report	8-9
Corporate Services Report	10-14
Community Services Report	15-18
Works and Services Report	19-20
Financial Reports	
Financial Report Table of Contents	21
Statement by Chief Executive Officer	22
Statement of Comprehensive Income by Nature and Type	23
Statement of Comprehensive Income by Program	24
Statement of Financial Position	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Rate Setting Statement	28
Notes to and Forming Part of the Financial Report	
Note 1 Significant Accounting Policies	29-43
Note 2 Revenues and Expenses	44-47
Note 3 Cash and Cash Equivalents	48
Note 4 Trade and Trade Receivables	48
Note 5 Inventories	48
Note 6 Property, Plant and Equipment	49-51
Note 7 Infrastructure	52-54
Note 8 Trade and Other Receivables	55
Note 9 Long-Term Borrowings	55
Note 10 Provisions	55
Note 11 Reserves – Cash Backed	56
Note 12 Revaluation Surplus	57
Note 13 Notes to the Statement of Cash Flows	58
Note 14 Contingent Liabilities	59
Note 15 Capital and Leasing Commitments	59
Note 16 Joint Venture Arrangements	59
Note 17 Total Assets Classified by Function and Activity	59
Note 18 Financial Ratios	60
Note 19 Trust Funds	61
Note 20 Disposals of Assets	61
Note 21 Information on Borrowings	62
Note 22 Rating Information	63
Note 23 Net Current Assets	64
Note 24 Specified Area Rate	65
Note 25 Service Charges	65
Note 26 Discounts, Incentives, Concessions and Write-offs	65
Note 27 Interest Charges and Instalments	66
Note 28 Fees and Charges	67
Note 29 Grant Revenue	67
Note 30 Employee Numbers	67
Note 31 Elected Members Remuneration	68
Note 32 Major Land Transactions	68
Note 33 Trading Undertakings and Major Trading Undertakings	68
Note 34 Financial Risk Management	69-73
Independent Audit Report	74-75
Ratio Information	76

## GENERAL INFORMATION

### Council's Community Strategic Vision

To live in a community where individuals, families and businesses can invest and prosper, preserving the traditional safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

### Council's Mission and Philosophy

To be a community focused Local Government providing progressive and innovative leadership that builds a sustainable future for the region while supporting the vibrant and caring community, and developing as a country centre of the future with an economy built on environmental sustainability principles.

### Council's Guiding Values

- ◆ Governance and Leadership
- ◆ Honesty and Integrity
- ◆ Innovation and Creativity
- ◆ Community Focused
- ◆ Environmentally Aware



Wagin Shire Councillors

## YOUR ELECTED MEMEBERS

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 2016 are -

### **Cr P J (Phillip) Blight – Shire President**

Elected to office in 1992, Retiring 2019

- Finance and General Purposes Committee
- WALGA Central Zone
- Roadwise/LEMC and Safer WA Committee
- Land Conservation District Committee
- Economic Development Advisory Committee
- Civic Awards Committee
- Audit Committee
- CEO Performance Review Committee
- Woolorama Committee (Proxy)
- Airport Development Committee
- Tourism and Promotion Committee
- Bushfire Advisory Committee

### **Cr D C (Dale) Lloyd – Deputy Shire President – 26 April 2016 – October 2017**

Elected to office in 2011, Retiring 2019

- Roadwise/LEMC & Safer WA Committee
- Community Resource Centre
- Audit Committee
- Finance and General Purposes Committee
- Economic Development Advisory Committee
- Civic Awards Committee
- CEO Review Committee
- WALGA Central Zone
- Development Assessment Panels

### **Cr I C (Ian) Cumming**

Elected to office in 1990, Retiring 2017

- Works and Services Committee
- Cottage Homes Committee
- Airport Development Committee

### **Cr J L C (Lachlan) Ballantyne**

Elected to office in 2005, Retiring 2017

- Finance and General Purposes Committee
- Asset Management Committee
- Airport Development Committee
- Audit Committee
- Reconciliation Action Plan
- Waste Management & Recycling Committee

**Cr C J (Cliff) Brockwell**

Elected to office in 2012, Retiring 2017

- Asset Management Committee
- Waste Management and Recycling Committee
- CEO Review Committee
- Townscape Enhancement Committee
- Airport Development Committee

**Cr R C (Ron) Walker**

Elected to office in 2011, Retiring 2019

- Works and Services Committee
- Finance and General Purposes Committee
- Audit Committee
- Development Assessment Panel (Proxy)
- Townscape Enhancement Committee
- Sportsground Advisory Community Centre Management Committee
- Waste Management and Recycling Committee
- School Bus Committee
- Woolorama Committee
- Bushfire Advisory Committee
- Asset Management Committee
- Lakes Sub – Regional Road Group
- Economic Development Advisory Committee
- Development Assessment Panels (Proxy)

**Cr G K B (Geoff) West**

Elected to office in 2009, Retiring 2019

- Works and Services Committee
- Community Bus Committee
- Tourism and Promotion Committee
- Historical Village Committee
- Asset Management Committee
- Development Assessment Panel
- Townscape Enhancement Committee
- Airport Development Committee
- Cottage Homes Committee

**Cr G T (Gerard) Hegarty**

Elected to office in 2009, Retiring 2017

- Works and Services Committee
- Waste Management and Recycling Committee
- Townscape Enhancement Committee
- Asset Management Committee

**Cr A J (Amanda) Howell**

Elected to office in 2013, Retiring 2017

- Sportsground Advisory Committee
- Parents and Citizens Association
- Roadwise / LEMC and Safer WA Committee
- Development Assessment Panels (Proxy)

**Cr J P (Jason) Reed**

Elected to office in 2013, Retiring 2017

- Works and Services Committee
- Finance and General Purposes Committee
- Audit Committee
- Community Centre Committee
- Economic Development Advisory Committee
- Historical Village Committee
- Frail Aged Homes Committee/Waratah

**Cr T (Tanya) French**

Elected to office in 2016, retiring 2019

Cr French was elected in an extraordinary election held in July 2016, she will be nominating Committee positions in due course.

Elections are held biannually on the third 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](http://www.wagin.wa.gov.au).

**Management**

Chief Executive Officer  
Deputy Chief Executive Officer  
Manager of Finance  
Manager of Works  
Environmental Health Officer  
& Building Surveyor

Peter Webster  
Brian Roderick  
Tegan Murray  
Allen Hicks

Steve Friend

Auditor

Butler Settineri  
Unit 16, First Floor  
Spectrum Offices  
100 Railway Road  
SUBIACO WA 6008

Bank

National Australia Bank  
Tudor St  
Wagin WA 6315

### SHIRE PRESIDENT'S REPORT

It is with great pleasure that I present to you, the Shire of Wagin's Annual Report for the year 2015/2016.

Councillors and staff have worked diligently throughout 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 a minor review and update of Council's Strategic Community Plan and Corporate Business Plan.

Council's work with its neighbouring local government authorities; the 4WDL partnership with the Shires of Williams, West Arthur, Woodanilling, Dumbleyung and Lake Grace continues to flourish. The Well-Aged Housing project between the six shires continues to be a shining light in the sector. The Shire has commenced its third lot of funded units, with four more Cottage Homes units currently being built.

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 town site and rural areas. The year saw a greater focus on upgrading ageing infrastructure in the town site, this included a major footpath and kerbing program, draining upgrades, townscape initiatives and improvements and cemetery upgrade.

Significant projects and achievements during 2015/2016 were:

- Undertaking and completion of an extensive capital road works program.
- Undertaking and completion of an extensive footpath and kerbing program.
- Commencement of the third stage of the Well-Aged/Cottage Homes development.
- Upgrades to the Wagin Cemetery.
- Completion of the Aged Friendly Pathway/Footpath program.
- Townscape projects.

Council assisted the Wagin Agricultural Society hold another very successful Woolorama and we also provided assistance to many community and sporting club events throughout the year. The Shire held a BBQ at the Wagin Memorial Swimming Pool for all community and club volunteers. It was very appropriate that the Shire acknowledged the many volunteers in the Shire of Wagin that give up an enormous amount of time for the community.

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 like to 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

It is with pleasure that I present the 2015/2016 Annual Report for the Shire of Wagin.

The 2015/2016 Annual Budget was adopted by Council at the August 2015 Council Meeting. This incorporated an overall increase in rates of 3.5%. Council retained the option offering a 5% discount for rates paid in full within 35 days of being issued and this again proved popular.



### Economic Development

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

- **Gilmac Hay** – Construction of the Hay Plant was completed with two additional sheds and compression equipment installed.
- **Unigrain** – Have continued on with the expansion of this facility ready for full operation in 2016/2017.
- **Co-operative Bulk Handling (CBH)** – Constructed new bulk heads off Vernon Street with an increased capacity of approximately 50,000 tonne. Also various roads in the area have been closed to accommodate future expansion.
- **Airport Upgrade** – Work has been progressed with fill being dumped on site of the proposed new hangers. A new hanger was also constructed near the Aero Club Clubhouse. The airport is also seeing more emergency flights from RFDS and the Yellow Helicopter in the year under review. The airport is also being used by St John Ambulance from both Katanning and Narrogin.
- **Aged Care Units** – 4 more aged units have commenced with the completion date late 2016. These units were built using Royalties for Regions funding of \$1.07million.

### 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. Major grants were received in the year under review thanks to the work of the former Landcare Manager – Veronica Crouch and now Gen Harvey.

### Waste Management

Council still continues to work on this issue. The regional site in Cuballing did not eventuate and the regional group, whilst keen to develop a site, has not met to further push the matter. A resurvey of Wagin's current waste site has found that there is approximately 20 – 25 years life left at this present site. However, Council will be working to reduce landfill in an effort to prolong the life of the existing site.

## Future

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

- Heavy Vehicle movements within and around the Shire of Wagin.
- Review of Town Planning No2 and Rural Planning strategies.
- Upgrade and expansion of Airport facilities.
- Strategic Community Plan and Corporate Plan.

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

## Shire Staff

The turnover of Council staff, both inside and outside the administration office, has been minimal during the year under review. New inside staff members were Darcey Yates, Donna George and Callum Ballantyne. There was very little change over in the outside staff with Brett Buck and Elsie Wallis being the only new workers.

## Conclusion

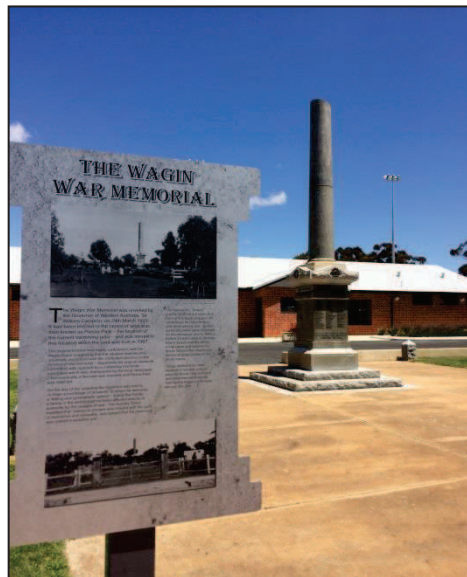
Council has received a good audit report for the period under review. However, caution is needed as the situation could change quickly if not monitored carefully

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 businesses 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 thank Brian Roderick, Tegan Murray and Allen Hicks for their work effort and input into helping to manage this Shire.

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

**Peter Webster**  
**Chief Executive Officer**



Wagin War Memorial

## CORPORATE SERVICES REPORT

**Annual Financials and Audit Report**

Council's Annual Financial Report for the year ended 30 June 2016 was audited by Marius van der Merwe of Butler Settineri. 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 2015/2016 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:

	2015/2016	2014/2015
Salary Range \$140,000 - \$149,999	1	1

Other Staff Salaries and Numbers:

Salary Range	Number
\$10,000 - \$50,000	43
\$50,001 - \$75,000	8
\$75,001 - \$100,000	4

Staff numbers are as follows:

	Full Time	Part Time
Inside / Pool / Other	14	5
Outside Staff	13	3
HACC	0	20
<b>Total</b>	<b>27</b>	<b>28</b>

**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 2015/2016 or any existing Local Laws reviewed.*

The Shire of Wagin did not privatise any activities in 2015/2016 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.

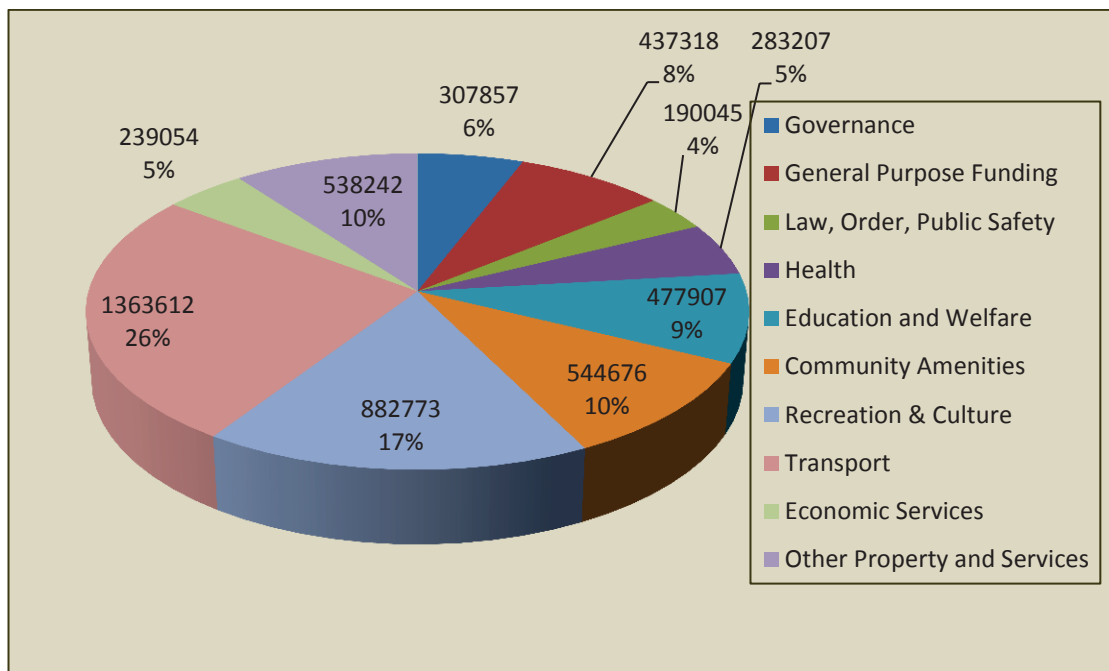
The Shire of Wagin Record keeping Plan was endorsed by the Commission during 2003/2004. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009. In 2014/2015 a 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.

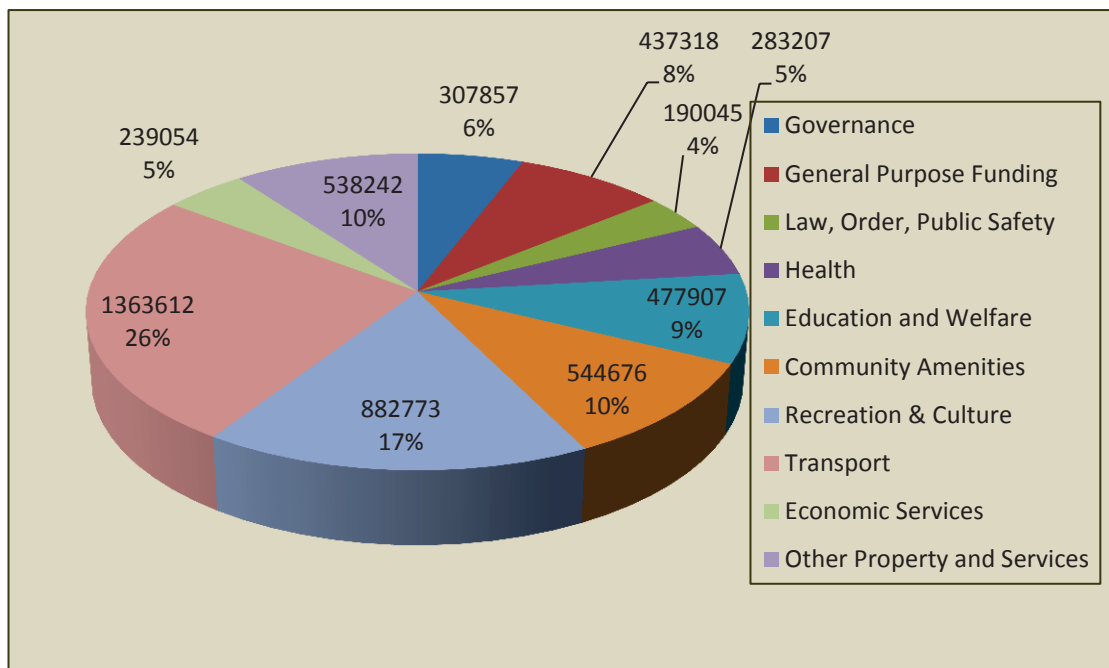
#### Equal Opportunity

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.

## TOTAL OPERATING INCOME BY PROGRAM



## TOTAL OPERATING EXPENDITURE BY PROGRAM



## 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

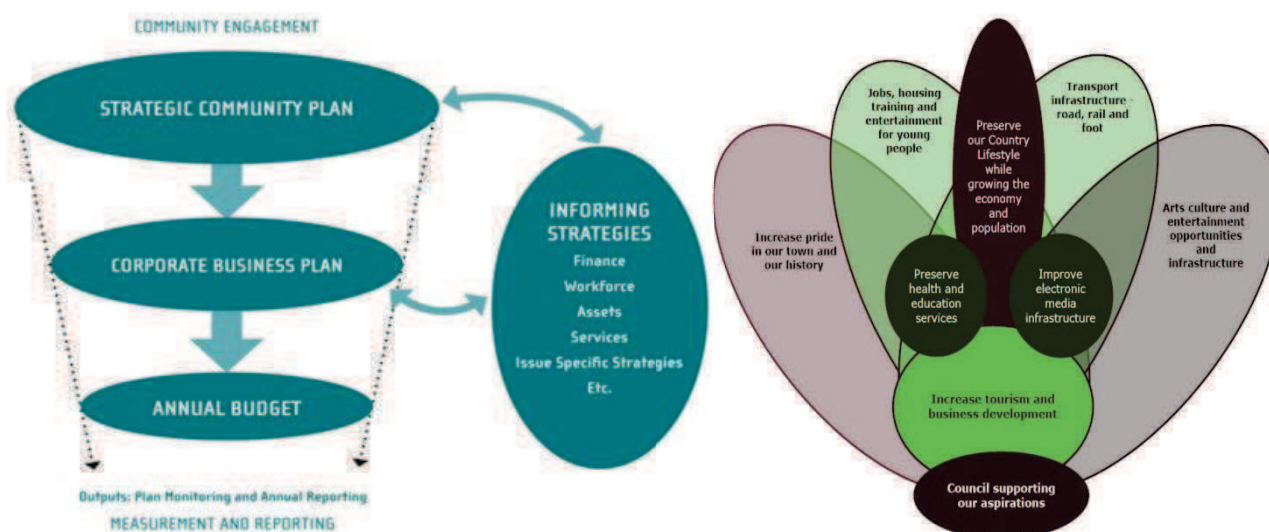
These key areas will guide Council's decision making and service development as Council plans for the future.

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:

- An 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 minor Council review was undertaken in April 2016 with updates and changes to both the Strategic Community Plan and Corporate Business Plan.

### 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 town site.	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 Improve 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- New NBN Network	2.4 More infrastructure to support arts, culture and entertainment.	3.4 Retain the school and hospital and grow health, Doctor services, 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 Improve road conditions on all Shire and State roads.	3.5 More diversity and quality in food outlets and more retail businesses.	4.5 Better ambience around the caravan park.	5.5 Work to improve appearance of the town.
1.6 Encourage more state government services in Wagin.	2.6 Explore heavy vehicle movements through the town site.  2.7 A safe fenced playground for children in a park environment	3.6 Foster & support 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 Greater focus on economic development.
1.7 Support and Promote Wagin as a business opportunity.	2.8 Secure identified key land In the town.	3.7 Provide & support more community resources and facilities as required.	4.7 Improved waste management in town & Shire.	5.7 Be responsive to community aspirations.

## COMMUNITY SERVICES REPORT

## Townscape

The Townscape Committee was very active during the reporting year with a number of townscape initiatives and projects completed. This included the continuation of the main street planter boxes and trees, new arch-framed directional signage panels and the upgrade of the Wagin War Memorial including new information signage.



New Park Area in the Sportsground



New Directional Signs

The Shire also completed upgrades to pathways in the Wetlands Park and gopher and wheel chair access in the main CBD. This was possible thanks to a \$51,000 Creating Aged Friendly Communities grant.

The Shire of Wagin were also able to improve the amenity at the Sportsground by creating a new park area next to the skate park. The area was transformed from an unsightly vacant area to a great place for the family to enjoy.

## Health and Aged Care

Home and Community Care Services for the financial year 2015/2016 saw 84 clients from Wagin and West Arthur receive services. This was a slight drop in numbers from the previous year as we unfortunately lost a number of clients during the year that had passed away. Nineteen new clients entered the program during the year.

During the year we had a couple of new staff members for West Arthur with Wagin staff remaining the same.

We were successful in obtaining a grant from COTA to hold a senior's week function at Lake Towerrinning in November. It was attended by approximately 60 senior's from Wagin, West Arthur, Boddington and Narrogin HACC. They enjoyed a barbeque lunch and some live entertainment by Leigh Kelly.



HACC Seniors Outing

### Asset Management

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. Significant painting works were carried out to the exterior of the Wagin Town Hall and Wagin Recreation Centre.

### Community

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 supported a number of Community events during the year. We provide significant support to the annual Woolorama show, we also supported other smaller events such as 2 Wheels to Wagin, Gymkhanarama and Australia Day Awards just to name a few.



Youth Festival



Thank a Volunteer Day  
Wagin Fire Brigade Members

We also hosted a very successful Thank a Volunteer Day with a BBQ at the Wagin Swimming Pool, an art exhibition during Disability Awareness Week and regional collaborative youth festival at the Wagin Showgrounds.

The Christmas Street Carnival was again held in the main street in December 2015. It was a great success and well attended by the community. Filled with stalls, music, food outlets and entertainment for the kids it was a fantastic family night. Congratulations to the Wagin Action Group and other service groups on a job well done.

Wagin's Iconic Giant Ram "Baart" celebrated his 30<sup>th</sup> birthday. The milestone birthday party was held on Saturday the 10<sup>th</sup> of October 2015 with a Spring Market Day, bouncy castle, food stalls and of course birthday cake. The Shire President Phillip Blight, Sculptor Andrew Hickson and Ian Pederick celebrated the occasion by cutting the specially made birthday cake.



Baart's 30<sup>th</sup> Birthday

### Tourism, Promotion and Economic Development

Council's RV area attracted many visitors and Caravan/Motor-home groups throughout the year. In October 2015 the "Solo" RV group held their national rally in Wagin. Some 100 plus

RV's stayed in the RV area and throughout the Sportsground. The Rally was held over a week with the group spending in excess of \$50,000 in Wagin.

Again we had a number of model jet events at the Wagin Airstrip. The weekend events attract people into the town that leads to valuable dollars spent in the town.

Woolorama 2016 was a great success and again Council supporting the event with its work force before and during the event.

A new Tourism and Promotion Committee was formed and met for the first time in June. The Committee is made up of a four Councillors and a number of very enthusiastic community members. A Terms of Reference was adopted by the Committee and this will guide the group in their quest to promote Wagin and increase tourism numbers.

### **Library Gallery**

The Shire of Wagin's Librarian, Stephanie Dimmock, continues to promote and grow the library for the benefit of the community. Stephanie and her staff have significantly increased the usage of the library by the community. On average the Library has 500 patron visits per month.

Council has seen a need to improve infrastructure and ensure the library meets the needs of the many patrons. During the year the Shire installed new mobile shelving and made many improvements to the children's section of the Library.

The Library, in conjunction with Wagin Early Years Network, hosted Rhyme Time and Story Time sessions for pre-school children. Stephanie continues to provide library services to Waratah Lodge residents with her weekly visits and is also now writing a regular fortnightly library column in the Wagin Woolpress called Library Lines. The Wagin Library & Gallery Writers' Group continued to meet each month, the Wagin Book Club meets every fortnight and the Friends of the Wagin Library and Gallery were very active in supporting the Library throughout the year.

### **Sport and Recreation**

The Wagin Swimming Pool saw record numbers attend over the season with 11,182 pool entries recorded. Jen Bannerman continued as Pool Manager, ably supported by Kim Hough. Both staff did a terrific job in providing a fantastic facility and service to the community.

Council continued improvements to the Swimming Pool Facility which included air-conditioning of the Managers Office/Kiosk, new refrigerated Drink Fountain and purchase of safety and other recreational equipment.

The Swimming Pool Facility hosted a number of events and activities during the



Wagin Swimming Pool

reporting period, including swimming carnivals, Christmas Parties, Learn to Swim/Vac Swim, barbeques, kids birthday parties, a baptism, Easter egg hunt, Anzac Day service and yoga classes.

The Wagin Amateur Swimming Club also held a very successful annual Twilight Swim meet and the Wagin Open meet. The Club continues to grow in numbers and make significant use of the pool facility. Next year will see the building of their new club rooms/storage shed facility.

The Wagin Recreation Centre again had a productive year with Recreation Centre Manager Kim Hough continuing to provide a range of sports for the community.

Junior Basketball recorded good numbers, other sports and activities included indoor soccer, badminton, netball, volleyball, indoor hockey, School sports, Fair Game sports day and the Noongar sports program. Senior Men's basketball will be commencing in the near future. It was fantastic to see a number of Wagin Netball games fixtured at the Rec Centre, a trend I believe will continue.



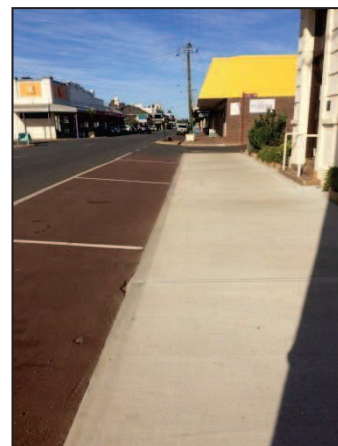
Gymkhanarama  
(Photo courtesy of Red Photos)

The Wagin Pony Club held the inaugural Gymkhanarama Event at the Wagin Showgrounds. The equestrian event was a great success, attracting many riders from all over the state. The Pony Club are very keen to build on the success of the event for future years. Council supported the event with in-kind support from our Shire works staff.

### Emergency Management

The Shire continues to be active with Emergency Management matters. Shire staff attended various training sessions throughout the year including Fire Control Officers Course, Bushfire Risk Management Plan training as well as attend a workshop on Recovery Training.

The Shire is involved with the Shires of Woodanilling, West Arthur & DFES in the employment of a Community Emergency Services Manager.



CBD Footpath Upgrade

### Disability Access and Inclusion Plan (DAIP)

The Shire completed its five yearly review of its DAIP in the reporting year. The comprehensive review included consultation with the community and interest groups and reaffirming Council's commitment to the seven outcomes in the DAIP. The new DAIP was adopted by Council and sent to the Disability Services Commission in June 2016. The plan met all the regulatory requirements as set by the Commission.

## WORKS AND SERVICES REPORT

The Works and 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.

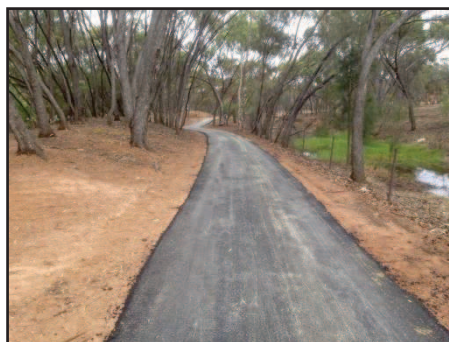
### Capital Works

Capital Roadworks 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 Bullocks Hills, Behn-Ord, Beaufort, Cowcher, Ranford Roads, Tarbet, Rifle, Trimdon, Ware, Khedive, Umbra Streets, Usil Lane.
- Gravel Sheetting of Dongolockong, Ganzer, Ballaying South, Pederick, Collanilling and Jeffris Roads.
- Other roads upgrade work to Piesseville/Tarwonga, Lucas, Murdock, Angwins, Norring Dellyanine and Badgarning Roads.



Town Street Reseal



New Aged Friendly Path ways

### Refuse Site

Council's new Transfer Station was completed. This project was funded by the State Government's Waste Authority Regional Landfill Transfer Station Infrastructure Development Program.

### 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.

To improve grading of unsealed roads, management sold the Shire free-roller and purchased a twenty tonne self-propelled roller. This has significantly improved compaction and the unsealed road surface.



New Town Site  
Kerbing

### 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. There have been issues with dog attacks on live stock in several locations within the town-site. These attacks have now been resolved with a destruction of the offending dog. Council still continues to re home unwanted dogs through Wish Animal Rescue.

### Plant and Machinery

It was a relatively quiet year with Council fleet of plant and machinery. There were a few minor break downs, though this can be attributed to the ongoing regular servicing and maintenance of Council's plant and equipment. Major plant purchases included a second hand Cat backhoe and street sweeper.

### Parks, Gardens and Ovals

A significant amount of resources and staff time goes into the up-keep and maintenance of the Shire's parks, gardens and sports oval/facilities. Our Town crew have done a fantastic job ensuring these very important recreational areas look their best.



Wetlands / Ram Park

# SHIRE OF WAGIN

## FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2016

#### TABLE OF CONTENTS

Statement by Chief Executive Officer	22
Statement of Comprehensive Income by Nature or Type	23
Statement of Comprehensive Income by Program	24
Statement of Financial Position	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Rate Setting Statement	28
Notes to and Forming Part of the Financial Report	29 - 73
Independent Audit Report	74 - 75
Supplementary Ratio Information	76

Principal place of business:

2 Arthur Road  
WAGIN WA 6315

**SHIRE OF WAGIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 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 12th day of December 2016.



---

Peter Webster  
Chief Executive Officer

**SHIRE OF WAGIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	23	2,043,540	2,049,320	1,977,138
Operating grants, subsidies and contributions	30	1,378,058	1,368,240	3,643,935
Fees and charges	29	718,147	589,568	634,764
Interest earnings	2(a)	61,684	61,968	81,520
Other revenue	2(a)	388,581	250,385	755,419
		<u>4,590,010</u>	<u>4,319,481</u>	<u>7,092,775</u>
<b>Expenses</b>				
Employee costs		(2,268,175)	(2,300,622)	(2,394,589)
Materials and contracts		(1,166,365)	(1,086,138)	(2,182,519)
Utility charges		(350,445)	(307,455)	(335,233)
Depreciation on non-current assets	2(a)	(1,199,813)	(1,382,206)	(1,407,197)
Interest expenses	2(a)	(43,861)	(50,756)	(51,166)
Insurance expenses		(193,890)	(172,931)	(203,379)
Other expenditure		(313,224)	(296,724)	(261,595)
		<u>(5,535,773)</u>	<u>(5,596,832)</u>	<u>(6,835,680)</u>
		(945,763)	(1,277,351)	257,095
Non-operating grants, subsidies and contributions	30	1,061,451	1,739,938	939,485
Profit on asset disposals	21	8,941	1,949	23,131
(Loss) on asset disposals	21	(34,604)	(44,312)	(13,780)
<b>Net result</b>		<b>90,025</b>	<b>420,224</b>	<b>1,205,931</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(747,113)	0	14,768,634
<b>Total other comprehensive income</b>		<b>(747,113)</b>	<b>0</b>	<b>14,768,634</b>
<b>Total comprehensive income</b>		<b>(657,088)</b>	<b>420,224</b>	<b>15,974,565</b>

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 30 JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		14,018	16,000	20,346
General purpose funding		2,932,724	2,965,147	5,103,624
Law, order, public safety		82,871	73,845	77,771
Health		83,308	93,915	81,990
Education and welfare		403,022	383,081	414,228
Community amenities		515,379	339,000	355,900
Recreation and culture		139,341	102,143	102,209
Transport		157,380	126,400	178,663
Economic services		86,312	98,150	86,718
Other property and services		175,655	121,800	671,328
		<u>4,590,010</u>	<u>4,319,481</u>	<u>7,092,775</u>
<b>Expenses</b>	2(a)			
Governance		(442,813)	(461,372)	(391,473)
General purpose funding		(391,893)	(432,624)	(446,765)
Law, order, public safety		(286,563)	(241,918)	(267,356)
Health		(252,979)	(252,543)	(319,529)
Education and welfare		(402,527)	(470,412)	(443,434)
Community amenities		(747,023)	(542,847)	(579,713)
Recreation and culture		(1,093,364)	(1,072,381)	(1,003,044)
Transport		(1,249,758)	(1,502,792)	(1,432,071)
Economic services		(256,686)	(287,926)	(239,316)
Other property and services		(368,306)	(281,261)	(1,661,813)
		<u>(5,491,912)</u>	<u>(5,546,076)</u>	<u>(6,784,514)</u>
<b>Finance costs</b>	2(a)			
Recreation and culture		(22,227)	(29,122)	(27,580)
Economic services		(1,494)	(1,494)	(2,365)
Other property and services		(20,140)	(20,140)	(21,221)
		<u>(43,861)</u>	<u>(50,756)</u>	<u>(51,166)</u>
		(945,763)	(1,277,351)	257,095
Non-operating grants, subsidies and contributions	30	1,061,451	1,739,938	939,485
Profit on disposal of assets	21	8,941	1,949	23,131
(Loss) on disposal of assets	21	(34,604)	(44,312)	(13,780)
<b>Net result</b>		<u>90,025</u>	<u>420,224</u>	<u>1,205,931</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(747,113)	0	14,768,634
<b>Total other comprehensive income</b>		<u>(747,113)</u>	<u>0</u>	<u>14,768,634</u>
<b>Total comprehensive income</b>		<u>(657,088)</u>	<u>420,224</u>	<u>15,974,565</u>

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

**SHIRE OF WAGIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,351,725	2,083,020
Trade and other receivables	4	475,998	363,719
Inventories	5	29,721	47,653
<b>TOTAL CURRENT ASSETS</b>		<b>1,857,443</b>	<b>2,494,392</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	57,356	141,678
Property, plant and equipment	6	18,976,398	20,271,967
Infrastructure	7	38,192,637	37,077,146
<b>TOTAL NON-CURRENT ASSETS</b>		<b>57,226,390</b>	<b>57,490,791</b>
<b>TOTAL ASSETS</b>		<b>59,083,833</b>	<b>59,985,183</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	426,894	528,889
Current portion of long term borrowings	9	76,437	75,925
Provisions	10	341,069	325,917
<b>TOTAL CURRENT LIABILITIES</b>		<b>844,401</b>	<b>930,731</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	633,811	765,254
Provisions	10	35,504	61,994
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>669,315</b>	<b>827,248</b>
<b>TOTAL LIABILITIES</b>		<b>1,513,716</b>	<b>1,757,979</b>
<b>NET ASSETS</b>		<b>57,570,117</b>	<b>58,227,205</b>
<b>EQUITY</b>			
Retained surplus		28,647,268	28,519,252
Reserves - cash backed	12	1,077,605	1,115,596
Revaluation surplus	13	27,845,244	28,592,357
<b>TOTAL EQUITY</b>		<b>57,570,117</b>	<b>58,227,205</b>

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

**SHIRE OF WAGIN  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>27,482,954</b>	<b>945,963</b>	<b>13,823,723</b>	<b>42,252,640</b>
Comprehensive income					
Net result		1,205,931	0	0	1,205,931
Changes on revaluation of assets	13	0	0	14,768,634	14,768,634
Total comprehensive income		1,205,931	0	14,768,634	15,974,565
Transfers from/(to) reserves		(169,633)	169,633	0	0
<b>Balance as at 30 June 2015</b>		<b>28,519,252</b>	<b>1,115,596</b>	<b>28,592,357</b>	<b>58,227,205</b>
Comprehensive income					
Net result		90,025	0	0	90,025
Changes on revaluation of assets	13	0	0	(747,113)	(747,113)
Total comprehensive income		90,025	0	(747,113)	(657,088)
Transfers from/(to) reserves		37,991	(37,991)	0	0
<b>Balance as at 30 June 2016</b>		<b>28,647,268</b>	<b>1,077,605</b>	<b>27,845,244</b>	<b>57,570,117</b>

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

**SHIRE OF WAGIN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,012,668	2,059,320	2,010,239
Operating grants, subsidies and contributions		1,286,485	1,368,240	3,808,888
Fees and charges		718,147	720,923	634,764
Interest earnings		61,684	61,968	81,520
Goods and services tax		0	152,000	382,621
Other revenue		388,581	250,386	755,419
		<u>4,467,565</u>	<u>4,612,837</u>	<u>7,673,451</u>
<b>Payments</b>				
Employee costs		(2,393,618)	(2,300,622)	(2,298,167)
Materials and contracts		(1,135,967)	(1,178,467)	(2,078,633)
Utility charges		(350,445)	(317,455)	(335,233)
Interest expenses		(44,217)	(50,756)	(51,313)
Insurance expenses		(193,890)	(172,931)	(203,379)
Goods and services tax		20,291	(152,000)	(381,014)
Other expenditure		(313,224)	(296,725)	(261,595)
		<u>(4,411,070)</u>	<u>(4,468,956)</u>	<u>(5,609,334)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>56,495</u>	<u>143,881</u>	<u>2,064,117</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(341,280)	(1,365,146)	(1,267,597)
Payments for construction of infrastructure		(1,530,917)	(1,568,595)	(1,177,481)
Non-operating grants, subsidies and contributions		1,061,451	1,739,941	939,485
Proceeds from sale of fixed assets		79,687	128,636	226,000
<b>Net cash provided by (used in) investment activities</b>		<u>(731,059)</u>	<u>(1,065,164)</u>	<u>(1,279,593)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(130,931)	(75,925)	(63,751)
Proceeds from self supporting loans		74,197	19,193	9,923
<b>Net cash provided by (used in) financing activities</b>		<u>(56,734)</u>	<u>(56,732)</u>	<u>(53,828)</u>
<b>Net increase (decrease) in cash held</b>		(731,298)	(978,015)	730,696
Cash at beginning of year		2,083,020	2,072,939	1,352,324
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u><u>1,351,725</u></u>	<u><u>1,094,924</u></u>	<u><u>2,083,020</u></u>

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

**SHIRE OF WAGIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>910,607</u> 910,607	<u>916,369</u> 916,369	<u>656,987</u> 656,987
<b>Revenue from operating activities (excluding rates)</b>				
Governance		22,959	17,950	20,346
General purpose funding		889,184	926,052	3,126,486
Law, order, public safety		82,871	73,845	77,771
Health		83,308	93,915	81,990
Education and welfare		403,022	383,081	414,228
Community amenities		515,379	339,000	355,900
Recreation and culture		139,341	102,143	102,209
Transport		157,380	126,400	187,794
Economic services		86,312	98,150	86,718
Other property and services		<u>175,655</u>	<u>121,800</u>	<u>685,328</u>
		2,555,411	2,282,336	5,138,770
<b>Expenditure from operating activities</b>				
Governance		(442,813)	(461,372)	(401,137)
General purpose funding		(391,893)	(432,624)	(446,765)
Law, order, public safety		(286,563)	(241,918)	(267,356)
Health		(252,979)	(257,943)	(319,529)
Education and welfare		(407,898)	(480,924)	(443,434)
Community amenities		(747,023)	(542,847)	(579,713)
Recreation and culture		(1,115,591)	(1,101,503)	(1,030,624)
Transport		(1,278,991)	(1,531,192)	(1,436,187)
Economic services		(258,180)	(289,420)	(241,681)
Other property and services		<u>(388,446)</u>	<u>(301,401)</u>	<u>(1,683,034)</u>
		(5,570,377)	(5,641,145)	(6,849,460)
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	(8,941)	(1,949)	(23,131)
Loss on disposal of assets	21	34,604	44,312	13,780
Movement in Accrued Interest		(357)	0	(146)
Movement in Accrued Salaries & Wages		(65,587)	0	18,195
Movement in deferred pensioner rates (non-current)		4,112	0	13,389
Movement in employee benefit provisions (non-current)		(11,338)	0	60,942
Depreciation and amortisation on assets	2(a)	<u>1,199,813</u>	<u>1,382,206</u>	<u>1,407,197</u>
<b>Amount attributable to operating activities</b>		(952,053)	(1,017,871)	436,523
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,061,451	1,739,938	939,485
Proceeds from disposal of assets	21	79,687	128,636	226,000
Purchase of property, plant and equipment	6(b)	(341,280)	(1,365,146)	(1,267,597)
Purchase and construction of infrastructure	7(b)	<u>(1,530,917)</u>	<u>(1,568,595)</u>	<u>(1,177,481)</u>
<b>Amount attributable to investing activities</b>		(731,059)	(1,065,167)	(1,279,593)
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		0	(200,000)	0
Repayment of advances to community groups		0	200,000	0
Repayment of debentures	22(a)	(130,931)	(75,925)	(63,751)
Proceeds from self supporting loans		74,197	19,193	9,923
Transfers to reserves (restricted assets)	12	(153,570)	(110,546)	(237,279)
Transfers from reserves (restricted assets)	12	<u>191,561</u>	<u>211,221</u>	<u>67,646</u>
<b>Amount attributable to financing activities</b>		(18,743)	43,943	(223,461)
<b>Surplus(deficiency) before general rates</b>		<u>(1,701,855)</u>	<u>(2,039,095)</u>	<u>(1,066,531)</u>
<b>Total amount raised from general rates</b>	23	<u>2,043,540</u>	<u>2,039,095</u>	<u>1,977,138</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>341,685</u></u>	<u><u>0</u></u>	<u><u>910,607</u></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 30 JUNE 2016**

**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.

All amounts are stated in Australian Dollars.

**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 20 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.

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**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.

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

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

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

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

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 30 JUNE 2016**

**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	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

***Capitalisation threshold***

Expenditure on items of equipment under \$5,000 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 30 JUNE 2016**

**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 30 JUNE 2016**

**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 in accordance with the regulatory framework.

**(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 30 JUNE 2016**

**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 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 30 JUNE 2016**

**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 30 JUNE 2016**

**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 30 JUNE 2016**

**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 17.

**(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 30 JUNE 2016**

**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.

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**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:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	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.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	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	<p>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.</p> <p>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.</p>
(v)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	<p>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.</p> <p>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.</p>
(vi)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2018	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

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

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(vii)	AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>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.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii)	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	<p>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.</p> <p>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.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

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

**(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 as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

2. REVENUE AND EXPENSES		2016	2015
		\$	\$
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report		13,738	13,890
- Financial Management Review		0	9,991
<b>Depreciation</b>			
Buildings		382,196	372,960
Buildings - specialised		0	0
Furniture and equipment		78,956	84,427
Plant and equipment		322,883	305,091
Tools		352	587
Infrastructure - roads		367,718	602,022
Infrastructure - other		47,708	42,110
		<u>1,199,813</u>	<u>1,407,197</u>
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 22 (a))		43,861	51,166
		<u>43,861</u>	<u>51,166</u>
(ii) Crediting as revenue:			
<b>Other revenue</b>			
Significant revenue (refer above)		0	488,605
Other		388,581	266,814
		<u>388,581</u>	<u>755,419</u>
	2016	2016	2015
	Actual	Budget	Actual
	\$	\$	\$
<b>Interest earnings</b>			
- Reserve funds	32,662	33,468	52,186
- Other funds	21,989	20,000	18,848
Other interest revenue (refer note 28)	7,034	8,500	10,486
	<u>61,684</u>	<u>61,968</u>	<u>81,520</u>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**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.

**COMMUNITY VISION**

To live in a community where individuals, families and businesses can invest and prosper, preserving the traditional safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

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

**GOVERNANCE****Objective:**

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

**Activities:**

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****Objective:**

To collect revenue to allow for the provision of services and facilities for the community.

**Activities:**

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****Objective:**

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

**Activities:**

Includes costs associated with fire prevention and control, control of dogs, cats and other animals, abandoned vehicles, enforcement of associated local laws and other aspects of public safety including emergency services.

**HEALTH****Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Includes costs associated with providing doctor, maternal and infant health services, analytical expenses ie water sampling, and the running of the Regional Health Scheme together with the Shire of Williams.

**EDUCATION AND WELFARE****Objective:**

To provide services and facilities to the elderly, disadvantaged, children and youth of the community

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)****(b) Statement of Objective (Continued)****Activities:**

Includes costs associated with providing a building for daycare, administering and running of the Wagin Home and Community Care Program, including Community Aged Care Packages and some assistance to Wagin Frail Aged Lodge.

**COMMUNITY AMENITIES****Objective:**

To provide required essential services for the community.

**Activities:**

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

**RECREATION AND CULTURE****Objective:**

To establish and effectively manage infrastructure, resources and provide opportunities which will help the social well-being of the community.

**Activities:**

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

**TRANSPORT****Objective:**

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

**Activities:**

Includes construction and maintenance of Council's Infrastructure assets including roads, bridges footpaths, parking facilities, townscape, street trees and street lighting. Also, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.

**ECONOMIC SERVICES****Objective:**

To help promote the Shire and its economic wellbeing

**Activities:**

Includes area promotion, tourism, economic and community development, control of declared flora and fauna, the Rural Town's programme, Landcare, LCDC projects, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.

**OTHER PROPERTY AND SERVICES****Objective:**

To monitor and control Council's overhead operating accounts and other miscellaneous items.

**Activities:**

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 30 JUNE 2016**

**2. REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Integrated Planning - Strategic Community Plan	03 - General Purpose Funding	21,259	0	0	<b>21,259</b>	0	0	<b>21,259</b>
Royalties for Regions 2012/2013	03 - General Purpose Funding	23,831	0	(23,831)	<b>0</b>	0	0	<b>0</b>
Cat Act Grant	05 - Law, Order & Public Safety	1,588	0	(1,588)	<b>0</b>	0	0	<b>0</b>
Dept Fire & Emergency - BFB Funding	05 - Law, Order & Public Safety	0	0	0	<b>0</b>	28,860	(21,000)	<b>7,860</b>
Dept Fire & Emergency - Capital Projects Grant	05 - Law, Order & Public Safety	0	316,602	(316,602)	<b>0</b>	0	0	<b>0</b>
Dept Fire & Emergency - SES Funding	05 - Law, Order & Public Safety	7,250	28,747	(29,801)	<b>6,196</b>	27,618	(27,189)	<b>6,625</b>
AEDI Local Champions Program	08 - Education & Welfare	4,834	0	(3,747)	<b>1,087</b>	0	(1,087)	<b>0</b>
Community Aged Care Packages	08 - Education & Welfare	26,984	28,796	(17,136)	<b>38,644</b>	8,649	(853)	<b>46,440</b>
Dept of Local Govt - Thank A Volunteer Grant	08 - Education & Welfare	0	0	0	<b>0</b>	1,000	(1,000)	<b>0</b>
Disability Awareness Week Grant	08 - Education & Welfare	0	0	0	<b>0</b>	455	(455)	<b>0</b>
Healthy Weight Week	08 - Education & Welfare	0	600	(600)	<b>0</b>			<b>0</b>
Seniors Week Grant	08 - Education & Welfare	0	0	0	<b>0</b>	600	(600)	<b>0</b>
Community Water Grant - Desalination Project	10 - Community Amenities	0	6,600	0	<b>6,600</b>	19,800	(26,400)	<b>0</b>
Keep Australia Beautiful Grant	10 - Community Amenities	0	0	0	<b>0</b>	3,000	(3,000)	<b>0</b>
Regional Waste Transfer Grant	10 - Community Amenities	0	0	0	<b>0</b>	129,524	(129,524)	<b>0</b>
Community Pool Revitalisation Program	11 - Recreation & Culture	0	30,000	(30,000)	<b>0</b>	32,000	(32,000)	<b>0</b>
CSRFF Grant - Swimming Pool Stage 2	11 - Recreation & Culture	46,623	40,333	(86,956)	<b>0</b>	0	0	<b>0</b>
Dept of Sport and Rec - Gymkhanarama Grant	11 - Recreation & Culture	0	0	0	<b>0</b>	2,000	(2,000)	<b>0</b>
Dept Sport and Rec - Kidsport Grant	11 - Recreation & Culture	0	0	0	<b>0</b>	4,000	(515)	<b>3,485</b>
Healthways Can You See My Mind Grant	11 - Recreation & Culture	0	0	0	<b>0</b>	9,000	(200)	<b>8,800</b>
Roads to Recovery	12 - Transport	0	247,563	(247,563)	<b>0</b>	640,053	(640,053)	<b>0</b>
Wheatbelt Development Commission - Aged Friendly Communities	12 - Transport	0	51,084	0	<b>51,084</b>	0	(51,084)	<b>0</b>
R4R CLGF - Well Aged Housing Project	14 - Other Property & Services	0	812,196	(812,196)	<b>0</b>	71,713	(71,713)	<b>0</b>
					<b>0</b>			<b>0</b>
<b>Total</b>		<b>132,369</b>	<b>1,562,521</b>	<b>(1,570,020)</b>	<b>124,870</b>	<b>978,272</b>	<b>(1,008,673)</b>	<b>94,469</b>

**Notes:**

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

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

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

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		179,651	842,554
Restricted		<u>1,172,074</u>	<u>1,240,466</u>
		<u><u>1,351,725</u></u>	<u><u>2,083,020</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	12	67,856	65,842
Plant Reserve	12	152,059	85,840
Recreation Centre Equipment Reserve	12	13,147	11,037
Aerodrome Maintenance & Development Reserve	12	0	0
Municipal Buildings Reserve	12	120,755	160,311
Administration Centre Furniture, Equipment & IT Res	12	0	0
Land Development Reserve	12	122,895	147,573
Community Bus Reserve	12	84,202	73,410
Home and Community Care Reserve	12	214,388	199,317
Recreation Development Reserve	12	52,581	60,464
Refuse Site / Waste Management Reserve	12	110,928	127,047
Refuse Site Rehabilitation Reserve	12	32,633	31,678
Wagin Water Management Reserve	12	105,247	123,077
Town Drainage Reserve	12	914	30,000
Unspent grants	2(c)	94,469	124,870
Unspent loans	22(c)	0	0
		<u><u>1,172,074</u></u>	<u><u>1,240,466</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		52,352	17,368
Sundry debtors		407,005	315,432
GST receivable		0	20,291
Loans receivable - clubs/institutions		<u>16,641</u>	<u>10,628</u>
		<u><u>475,998</u></u>	<u><u>363,719</u></u>
<b>Non-current</b>			
Rates outstanding - pensioners		48,880	52,992
Loans receivable - clubs/institutions		<u>8,476</u>	<u>88,686</u>
		<u><u>57,356</u></u>	<u><u>141,678</u></u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		<u>29,721</u>	<u>47,653</u>
		<u><u>29,721</u></u>	<u><u>47,653</u></u>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land at:		
- Independent valuation 2014 - level 2	1,684,600	1,684,600
- Additions after valuation - cost	<u>0</u>	<u>0</u>
	1,684,600	1,684,600
Buildings at:		
- Independent valuation 2014 - level 2	16,455,922	16,030,536
- Additions after valuation - cost	74,041	425,386
Less: accumulated depreciation	<u>(1,136,246)</u>	<u>(754,050)</u>
	15,393,717	15,701,872
Total land and buildings	<u>17,078,317</u>	<u>17,386,472</u>
Furniture and equipment at:		
- Management valuation 2015 - level 3	1,354,598	1,354,598
- Additions after valuation - cost	22,093	0
Less accumulated depreciation	<u>(983,410)</u>	<u>(904,455)</u>
	393,281	450,143
Plant and equipment at:		
- Management valuation 2016 - level 3	1,504,800	2,129,163
- Additions after valuation - cost	0	784,881
Less accumulated depreciation	<u>0</u>	<u>(479,044)</u>
	1,504,800	2,435,000
Tools at:		
- Management valuation 2016 - level 3	11,355	11,355
- Additions after valuation - cost	0	0
Less accumulated amortisation	<u>(11,355)</u>	<u>(11,003)</u>
	0	352
	<u>18,976,398</u>	<u>20,271,967</u>

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

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land	1,684,600	0	0	0	0	0	0	0	1,684,600
<b>Total land</b>	<b>1,684,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,684,600</b>
Buildings	15,701,872	74,041	0	0	0	0	(382,196)	0	15,393,717
<b>Total buildings</b>	<b>15,701,872</b>	<b>74,041</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(382,196)</b>	<b>0</b>	<b>15,393,717</b>
<b>Total land and buildings</b>	<b>17,386,472</b>	<b>74,041</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(382,196)</b>	<b>0</b>	<b>17,078,317</b>
Furniture and equipment	450,143	22,093	0	0	0	0	(78,956)	0	393,281
Plant and equipment	2,435,000	245,146	(105,350)	(747,113)	0	0	(322,883)	0	1,504,800
Tools	352	0	0	0	0	0	(352)	0	0
<b>Total property, plant and equipment</b>	<b>20,271,967</b>	<b>341,280</b>	<b>(105,350)</b>	<b>(747,113)</b>	<b>0</b>	<b>0</b>	<b>(784,387)</b>	<b>0</b>	<b>18,976,398</b>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties	Independent registered Valuers	June 2014	Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties	Independent registered Valuers	June 2014	Price per hectare/market borrowing rate
<b>Furniture and equipment</b>	3	Market approach	Management Valuation	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and equipment</b>	3	Market approach	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016 \$	2015 \$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
- Independent valuation 2015 - level 3	35,690,881	34,717,000
- Additions after valuation - cost	1,206,724	973,881
Less accumulated depreciation	<u>(367,718)</u>	<u>0</u>
	36,529,887	35,690,881
Infrastructure - other		
- Management valuation July 2014 - Level 3	1,636,055	1,636,055
- Additions after valuation - cost	324,193	0
Less accumulated depreciation	<u>(297,498)</u>	<u>(249,790)</u>
	1,662,750	1,386,265
	<u>38,192,637</u>	<u>37,077,146</u>

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

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	35,690,881	1,206,724	0	0	0	0	(367,718)	0	36,529,887
Infrastructure - other	1,386,265	324,193	0	0	0	0	(47,708)	0	1,662,750
<b>Total infrastructure</b>	<b><u>37,077,146</u></b>	<b><u>1,530,917</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(415,426)</u></b>	<b><u>0</u></b>	<b><u>38,192,637</u></b>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Infrastructure - roads</b>	3	Cost Approach using depreciated replacement cost	Independent registered Valuers	June 2015	Construction Costs and current condition ( Level 2), residual values and remaining useful life assessments ( Level 3) inputs
<b>Infrastructure - other</b>	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2015	Construction Costs and current condition ( Level 2), residual values and remaining useful life assessments ( Level 3) inputs

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

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

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	328,257	331,783
Accrued interest on debentures	3,606	3,962
Accrued salaries and wages	1,780	67,367
ATO liabilities	0	48,518
Regional Refuse Group Accrued Funds	93,001	77,259
Trust Liability	250	0
	<u>426,894</u>	<u>528,889</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by floating charge		
Debentures	<u>76,437</u>	<u>75,925</u>
	<u>76,437</u>	<u>75,925</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	<u>633,811</u>	<u>765,254</u>
	<u>633,811</u>	<u>765,254</u>

Additional detail on borrowings is provided in Note 22.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	174,553	151,364	325,917
Non-current provisions	0	61,994	61,994
	<u>174,553</u>	<u>213,358</u>	<u>387,911</u>
Additional provision	(21,662)	10,324	(11,338)
<b>Balance at 30 June 2016</b>	<u>152,891</u>	<u>223,682</u>	<u>376,573</u>
<b>Comprises</b>			
Current	152,891	188,178	341,069
Non-current	0	35,504	35,504
	<u>152,891</u>	<u>223,682</u>	<u>376,573</u>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**11. RESERVES - CASH BACKED**

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave Reserve	65,842	2,014	0	67,856	65,842	1,975	0	67,817	86,271	4,571	(25,000)	65,842
Plant Reserve	85,840	66,219	0	152,059	85,840	12,107	0	97,947	105,262	5,578	(25,000)	85,840
Recreation Centre Equipment Reserve	11,037	2,110	0	13,147	11,037	2,131	0	13,168	10,582	4,064	(3,609)	11,037
Aerodrome Maintenance & Development Reserve	0	0	0	0	0	0	0	0	1,968	42	(2,010)	0
Municipal Buildings Reserve	160,310	4,130	(43,685)	120,755	160,311	14,341	(44,000)	130,652	132,662	27,648	0	160,310
Administration Centre Furniture, Equipment & IT Reserve	0	0	0	0	0	0	0	0	2,338	50	(2,388)	0
Land Development Reserve	147,573	4,494	(29,172)	122,895	147,573	4,427	(20,000)	132,000	103,367	44,206	0	147,573
Community Bus Reserve	73,410	10,792	0	84,202	73,410	11,202	0	84,612	61,948	11,462	0	73,410
Home and Community Care Reserve	199,317	48,025	(32,954)	214,388	199,317	5,980	(21,221)	184,076	146,258	53,059	0	199,317
Recreation Development Reserve	60,464	6,867	(14,750)	52,581	60,464	6,814	(25,000)	42,278	47,792	12,672	0	60,464
Refuse Site / Waste Management Reserve	127,047	3,881	(20,000)	110,928	127,047	46,027	(50,000)	123,074	106,717	26,169	(5,839)	127,047
Refuse Site Rehabilitation Reserve	31,679	954	0	32,633	31,678	950	0	32,628	20,194	11,485	0	31,679
Wagin Water Management Reserve	123,077	3,170	(21,000)	105,247	123,077	3,692	(21,000)	105,769	120,604	6,273	(3,800)	123,077
Town Drainage Reserve	30,000	914	(30,000)	914	30,000	900	(30,000)	900	0	30,000	0	30,000
	<b>1,115,596</b>	<b>153,570</b>	<b>(191,561)</b>	<b>1,077,605</b>	<b>1,115,596</b>	<b>110,546</b>	<b>(211,221)</b>	<b>1,014,921</b>	<b>945,963</b>	<b>237,279</b>	<b>(67,646)</b>	<b>1,115,596</b>

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

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

<b>Name of Reseve</b>	<b>Purpose of the reserve</b>
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.
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.
Recreation 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 replacing fixtures or fittings.
Aerodrome Maintenance & Development Reserve	The purpose of this Reserve is to provide for major maintenance type works (eg resealing of runway area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, buildings, fences etc) at the Wagin Airstrip.
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.
Administration Centre Furniture, Equipment & IT Reserve	The purpose of this Reserve is to provide for the purchase of furniture, fittings, equipment and Information Technology requirements in relation to the Council Administration Building.
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 as Council
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.
Home and Community Care 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.
Recreation 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.
Refuse Site / 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 Station, future costs for waste management, recycling and working towards zero waste.
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 decommissioned and replaced with a Waste transfer Station.
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.
Town Drainage Reserve	The purpose of the Town Drainage Reserve is to provide funds to maintain and upgrade the existing drainage network within the Wagin Town site.

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**12 REVALUATION SURPLUS**

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	0	0	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	0	0
Plant and equipment	269,001	0	(747,113)	(747,113)	(478,112)	269,001	0	0	0	269,001
Land	1,440,841	0	0	0	1,440,841	1,440,841	0	0	0	1,440,841
Buildings	8,220,711	0	0	0	8,220,711	8,220,711	0	0	0	8,220,711
Infrastructure - roads	18,661,804	0	0	0	18,661,804	3,893,170	14,768,634	0	14,768,634	18,661,804
Infrastructure - other	0	0	0	0	0	0	0	0	0	0
	<u>28,592,357</u>	<u>0</u>	<u>(747,113)</u>	<u>(747,113)</u>	<u>27,845,244</u>	<u>13,823,723</u>	<u>14,768,634</u>	<u>0</u>	<u>14,768,634</u>	<u>28,592,357</u>

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

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**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:

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>1,351,725</u>	<u>1,094,924</u>	<u>2,083,020</u>

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

Net result	90,025	420,224	1,205,931
Non-cash flows in Net result:			
Depreciation	1,199,813	1,382,206	1,407,197
(Profit)/Loss on sale of asset	25,663	42,363	(9,351)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(102,154)	141,355	199,661
(Increase)/Decrease in inventories	17,932	4,653	0
Increase/(Decrease) in payables	(101,995)	(106,982)	139,217
Increase/(Decrease) in provisions	(11,338)	0	60,945
Grants contributions for the development of assets	<u>(1,061,451)</u>	<u>(1,739,938)</u>	<u>(939,485)</u>
Net cash from operating activities	<u>56,495</u>	<u>143,881</u>	<u>2,064,115</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Credit card limit	19,000	14,000
Credit card balance at balance date	<u>(2,101)</u>	<u>(1,035)</u>
<b>Total amount of credit unused</b>	<u>16,899</u>	<u>12,965</u>
<b>Loan facilities</b>		
Loan facilities - current	76,437	75,925
Loan facilities - non-current	<u>633,811</u>	<u>765,254</u>
<b>Total facilities in use at balance date</b>	<u>710,248</u>	<u>841,179</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**14. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities as at 30 June 2016.

**15. CAPITAL AND LEASING COMMITMENTS**

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

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	3,457,822	3,550,043
General purpose funding	157,852	758,206
Law, order, public safety	607,880	1,054,504
Health	774,146	798,162
Education and welfare	488,484	445,356
Community amenities	931,972	685,988
Recreation and culture	10,485,396	10,904,341
Transport	39,348,902	24,796,641
Economic services	388,260	416,678
Other property and services	2,323,469	2,472,992
Unallocated	119,651	163,181
	<u>59,083,833</u>	<u>46,046,092</u>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015	2014
<b>18. FINANCIAL RATIOS</b>			
Current ratio	0.88	1.45	1.16
Asset sustainability ratio	1.43	1.62	2.10
Debt service cover ratio	1.56	15.01	6.72
Operating surplus ratio	(0.34)	0.10	(0.22)
Own source revenue coverage ratio	0.51	0.40	0.48

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	$\frac{\text{annual operating surplus before interest and depreciated principal and interest}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

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

Two of the 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$705,053.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	5.59	8.87
Operating surplus ratio	(0.09)	(0.16)

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**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:

	<b>1 July 2015</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>	<b>(\$)</b>	<b>\$</b>
Deposits - Town Hall	500	2,250	(1,350)	1,400
Deposits - Community Bus	300	2,100	(1,800)	600
Deposits - Rec Ctr & EFP	3,862	7,600	(7,300)	4,162
Deposits - Animal Trap	0	0	0	0
BCITF	4,354	4,764	(8,599)	519
Building Services Levy	2,000	5,281	(5,613)	1,668
Nomination Deposits	0	560	(400)	160
Pre-Paid Rates	0	0	0	0
Other Deposits	1,439	3,300	(120)	4,619
Unclaimed Monies	1,733	0	0	1,733
Transport Licensing	10,080	1,081,872	(1,077,608)	14,344
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	8,705	15,075	(18,310)	5,470
Trust Accounts Recievable	(191)	0	0	(191)
Cemetery Shelter Contributions	1,000	7,000	0	8,000
	<u>42,002</u>			<u>50,704</u>

**20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Actual Net Book Value</b>	<b>Actual Sale Proceeds</b>	<b>Actual Profit</b>	<b>Actual Loss</b>	<b>Budget Net Book Value</b>	<b>Budget Sale Proceeds</b>	<b>Budget Profit</b>	<b>Budget Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Plant and Equipment</b>								
<b>Governance</b>								
CEO Vehicle - Isuzu MUX					31,550	32,000	450	0
DCEO Vehicle - Holden Captiva	8,250	17,191	8,941	0	16,500	18,000	1,500	0
<b>Health</b>								
Doctors Vehicle - Mazda CX5					30,400	25,000	0	(5,400)
<b>Education and welfare</b>								
HACC Co-ordinator Vehicle	22,343	18,828	0	(3,515)	25,578	18,636	0	(6,942)
HACC Darkan Vehicle	6,856	5,000	0	(1,856)	8,570	5,000	0	(3,570)
<b>Transport</b>								
Case Backhoe	31,500	22,954	0	(8,546)	36,000	20,000	0	(16,000)
Free Roll Roller	12,600	2,750	0	(9,850)				
Ranger Vehicle	19,600	8,864	0	(10,736)	22,400	10,000	0	(12,400)
Karcher Mini Sweeper	4,201	4,100	0	(101)				
	<u>105,350</u>	<u>79,687</u>	<u>8,941</u>	<u>(34,604)</u>	<u>170,998</u>	<u>128,636</u>	<u>1,950</u>	<u>(44,312)</u>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments Actual Budget \$ \$		Principal 30 June 2016 Actual Budget \$ \$		Interest Repayments Actual Budget \$ \$	
<b>Recreation and culture</b>								
Loan 131 - Recreation Centre	91,128		7,235	7,235	83,893	83,893	5,709	5,709
Loan 139 - Swimming Pool Redevelopment	271,966		10,335	10,335	261,631	261,631	13,346	13,702
<b>Economic services</b>								
Loan 140 - Puntapin Dam Pipeline	42,576		20,834	20,834	21,742	21,742	1,494	1,494
<b>Other property and services</b>								
Loan 137 - 5 Arnott Street	213,756		10,308	10,308	203,448	203,448	12,587	12,587
Loan 138 - Doctors Residence	122,439		8,021	8,021	114,418	114,418	7,553	7,553
	741,865	0	56,733	56,733	685,132	685,132	40,689	41,045
<b><u>Self Supporting Loans</u></b>								
<b>Recreation and culture</b>								
Loan 133 - Wagin Bowling Club SSL *	99,314		74,198	10,628	25,116	88,686	3,172	6,511
Wagin Ag Society SSL *				8,564	0	(8,564)		3,200
	99,314	0	74,198	19,192	25,116	80,122	3,172	9,711
	841,179	0	130,931	75,925	710,248	765,254	43,861	50,756

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

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire did not use an overdraft facility during the 2015/16 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 30 JUNE 2016**

**22. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
Gross Rental Value	0.0962	730	7,767,721	747,441	1,226	15	748,682	747,441	2,000	500	749,941
<b>Unimproved value valuations</b>											
Unimproved Value	0.0075	368	166,932,000	1,259,503	(975)	0	1,258,528	1,259,502	1,000	0	1,260,502
<b>Sub-Total</b>		1,098	174,699,721	2,006,944	251	15	2,007,210	2,006,943	3,000	500	2,010,443
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
Gross Rental Value	520	163	316,415	84,760	0	0	84,760	84,760	0	0	84,760
<b>Unimproved value valuations</b>											
Unimproved Value	520	37	1,707,200	19,240	0	0	19,240	19,240	0	0	19,240
<b>Sub-Total</b>		200	2,023,615	104,000	0	0	104,000	104,000	0	0	104,000
		<b>1,298</b>	<b>176,723,336</b>	<b>2,110,944</b>	<b>251</b>	<b>15</b>	<b>2,111,210</b>	<b>2,110,943</b>	<b>3,000</b>	<b>500</b>	<b>2,114,443</b>
Discounts/concessions (refer note 27)							(77,893)				(75,348)
<b>Total amount raised from general rate</b>							<b>2,033,317</b>				<b>2,039,095</b>
Specified Area Rate (refer note 25)							0				0
Ex-gratia rates							10,223				10,225
<b>Totals</b>							<b>2,043,540</b>				<b>2,049,320</b>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**23. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>341,685</u>	<u>910,607</u>	<u>910,607</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	179,651	842,554	842,554
Restricted	1,172,074	1,240,466	1,240,466
Receivables			
Rates outstanding	52,352	17,368	17,368
Sundry debtors	407,005	315,432	315,432
GST receivable	0	20,291	20,291
Loans receivable - clubs/institutions	16,641	10,628	10,628
Inventories			
Fuel and materials	29,721	47,653	47,653
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(328,257)	(331,783)	(331,783)
ATO liabilities	0	(48,518)	(48,518)
Regional Refuse Group Accrued Funds	(93,001)	(77,259)	(77,259)
Trust Liability	(250)	0	0
Current portion of long term borrowings			
Secured by floating charge	(76,437)	(75,925)	(75,925)
Provisions			
Provision for annual leave	(152,891)	(174,553)	(174,553)
Provision for long service leave	(188,178)	(151,364)	(151,364)
<b>Unadjusted net current assets</b>	<u><b>1,018,430</b></u>	<u><b>1,634,990</b></u>	<u><b>1,634,990</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,077,605)	(1,115,596)	(1,115,596)
Less: Loans receivable - clubs/institutions	(16,641)	(10,628)	(10,628)
Add: Secured by floating charge	76,437	75,925	75,925
Add: Provision for annual leave	152,891	174,553	174,553
Add: Provision for long service leave	188,178	151,364	151,364
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><b>341,685</b></u>	<u><b>910,607</b></u>	<u><b>910,607</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR****Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Type</b>	<b>Discount % or \$</b>	<b>Actual \$</b>	<b>Budget \$</b>	<b>Circumstances in which Discount is Granted</b>
General Rates	Discount	5.00%	77,893	75,348	If paid before first due date.
Rate Assessment	Write Off	N/A	6,949	10,000	
			84,842	85,348	

**Waivers or Concessions**

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Type</b>	<b>Discount % or \$</b>	<b>Actual \$</b>	<b>Budget \$</b>
St John Ambulance	Rubbish	100%	300	350
Wagin Care & Share	Rubbish	100%	900	850
Wagin CWA	Rates/Rubbish	100%	1,446	1,250
Wagin Youth Centre	ESL	100%	68	0
Waratah Lodge	Rubbish	100%	0	1,080
			2,714	3,530

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	02-Oct-15	0	0.00%	11.00%
<b>Option Two</b>				
First Instalment	02-Oct-15	5	5.50%	11.00%
Second Instalment	02-Jan-16	5	5.50%	11.00%
<b>Option Three</b>				
First Instalment	02-Oct-15	5	5.50%	11.00%
Second Instalment	02-Dec-15	5	5.50%	11.00%
Third Instalment	02-Feb-16	5	5.50%	11.00%
Fourth Instalment	04-Apr-16	5	5.50%	11.00%
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			7,034	8,500
Interest on instalment plan			0	0
Charges on instalment plan			6,960	6,000
			<b>13,994</b>	<b>14,500</b>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

<b>28. FEES AND CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
General purpose funding	75,956	64,857
Law, order, public safety	12,106	10,702
Health	4,635	4,315
Education and welfare	64,421	58,943
Community amenities	332,116	299,498
Recreation and culture	59,994	56,178
Economic services	85,331	85,927
Other property and services	83,588	54,344
	<u>718,147</u>	<u>634,764</u>

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

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	14,018	20,344
General purpose funding	663,836	2,902,709
Law, order, public safety	59,223	55,499
Health	78,674	77,675
Education and welfare	337,577	354,882
Community amenities	18,739	11,633
Recreation and culture	79,347	45,026
Transport	113,011	159,666
Economic services	981	751
Other property and services	12,652	15,750
	<u>1,378,058</u>	<u>3,643,935</u>
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	71,713	51,085
Law, order, public safety	0	316,602
Community amenities	30,000	0
Recreation and culture	0	40,333
Transport	939,938	524,865
Economic services	19,800	6,600
	<u>1,061,451</u>	<u>939,485</u>
	<u>2,439,509</u>	<u>4,583,420</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>35</u>	<u>35</u>
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**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

<b>31. ELECTED MEMBERS REMUNERATION</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	14,700	17,000	18,783
President's allowance	12,000	12,000	9,000
Deputy President's allowance	2,000	3,000	2,250
Travelling expenses	1,644	3,800	3,780
Telecommunications allowance	5,543	1,700	0
	<u>35,887</u>	<u>37,500</u>	<u>33,813</u>

**32. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16 financial year.

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

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

### 34. FINANCIAL RISK MANAGEMENT

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

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

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

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

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,351,725	2,083,020	1,351,725	2,083,020
Receivables	533,354	505,397	533,354	505,397
	<u>1,885,079</u>	<u>2,588,417</u>	<u>1,885,079</u>	<u>2,588,417</u>
<b>Financial liabilities</b>				
Payables	426,894	528,889	426,894	528,889
Borrowings	710,248	841,179	710,248	841,179
	<u>1,137,142</u>	<u>1,370,068</u>	<u>1,137,142</u>	<u>1,370,068</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 30 JUNE 2016**

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

**(a) Cash and Cash Equivalents**

**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.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
- Equity	0	0
- Statement of Comprehensive Income	0	0
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	13,517	20,830
- Statement of Comprehensive Income	13,517	20,830

**Notes:**

<sup>(1)</sup> 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 30 JUNE 2016**

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	88%	32%
- Overdue	12%	68%

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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

**(c) Payables  
Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	426,894	0	0	426,894	426,894
Borrowings	76,437	184,998	448,814	710,249	710,249
	<u>503,331</u>	<u>184,998</u>	<u>448,814</u>	<u>1,137,143</u>	<u>1,137,143</u>
<b><u>2015</u></b>					
Payables	528,889	0	0	528,889	528,889
Borrowings	114,917	392,683	689,028	1,196,628	841,179
	<u>643,806</u>	<u>392,683</u>	<u>689,028</u>	<u>1,725,517</u>	<u>1,370,068</u>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**34. 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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	(76,437)	(48,819)	(42,768)	(45,341)	(48,070)	(448,814)	(710,249)	5.59%
Weighted average Effective interest rate	4.69%	5.30%	5.90%	5.90%	5.90%	5.68%		
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	(42,576)	0	0	0	(798,603)	(841,179)	5.80%
Weighted average Effective interest rate	0.00%	4.29%	0.00%	0.00%	0.00%	5.91%		

## INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF WAGIN

### Report on the Financial Report

We have audited the accompanying financial report of Shire of Wagin, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

### Council's Responsibility for the Financial Report

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

### 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. Those 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 judgement, 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 Shire's preparation of the financial report which gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, 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 the Australian professional accounting bodies.

### Auditor's Opinion

In our opinion, the financial report of Shire of Wagin is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 56 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

### **Reporting on Other Legal and Regulatory Requirements**

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the current ratio, debt service cover ratio and operating surplus ratio that do not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director  
Date: 12 December 2016

**SHIRE OF WAGIN  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2016**

**RATIO INFORMATION**

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.95	0.73	0.73
Asset renewal funding ratio	0.41	0.45	0.52

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