

Annual Report

2015/2016



SHIRE OF WILUNA

Our Vision

A proud, green, go-ahead and healthy Wiluna

Our Mission

Working together to enhance our future through good governance

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Annual Report for the period of 1 July 2015 to 30 June 2016

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PRESIDENT'S REPORT

Once again, another year has come and gone ever so quickly.

I welcome Colin Bastow, who has stepped up from Deputy to Acting CEO position in November. I thank Dean Taylor for the work he did in this role since Sept 2015 and progressing outstanding projects.

Work commenced on the refurbishment of the Canning Stock Route and Gunbarrel Highway Interpretive Centre (Old Hospital/Shire Offices). It will also display ALL of the history of Wiluna. It is anticipated that these works and the fit out will be completed mid/late year.

The Tjukurba Art Gallery may be ready for opening mid year, and it will be a first class art centre, looking very nice indeed .

The announcement of the funding to complete sealing of the Goldfields Highway (Wiluna/Meeka section) last year was welcome news, something Wiluna has been waiting for since 1957!

Works will hopefully commence mid year and offer opportunities for local participation.

The sealing of this road will open up huge opportunities for investment and development of the Wiluna town and region.

Last April Dean Taylor and myself were invited by Pilbara Regional Council to attend the Australia/China week delegation in China. It was a great experience and highlighted the appetite for investment for worthwhile projects.

Wiluna's inclusion into the Water 4 Food Programme is still lagging and has been somewhat frustrating as to the lack of progress that has been made to date. The redevelopment of the Desert Gold precinct offers great opportunities to enhance Wiluna's economic base which will support local employment, training and business opportunity.

Roads maintenance and construction programmes are now underway, and it is pleasing to see at last after some years of neglect, the road system upgrading and reaching a standard, I believe second to none. There have been positive comments made about the roads standard. I welcome Louka to the position of Executive Manager Engineering & Development Services. I thank the Government and the efforts of WALGA and ALGA for their efforts in lobbying to maintain the R2R programme which funds a lot of these road works. A good, well maintained road system is critical to the functioning of most communities, and vital for Wiluna.

The opportunities that R4R has provided to Wiluna, Local Governments and communities needs acknowledging and thanks. For too long country funding has been neglected. Driving through rural/remote W.A. one can see the positive contribution this funding has delivered.

Wiluna is an extremely rich mineral province. There are currently 3 operating mines, with another 3 to start up this year including gold, lead and potash. (All producing HUGE gross revenue and royalties to Government). There is still a huge area of unexplored area which is potentially mineral rich. This highlights the need from a Shire viewpoint of maintaining a lobby for adequate transport infrastructure and services, which include better port access, sealed highways, rail and airports. The GWR stranded iron resource is a good example of this as well as the potential in the Earahedy basin. I believe it is important for Wiluna to maintain its' presence at annual conferences such as SEGRA, National Roads and Transport Congress, North Australia, and ALGA.

Lack of housing in Wiluna still proves to be a major challenge and impediment to the progress of Wiluna. There is a huge need for Shire as well as community and rental housing. It is an area where the Shire will endeavour to progress as a priority.

Development of adequate Aged Care facilities will also be pursued in partnership with other community agencies.

Whilst the Streetscape and Admin building have as yet to be started, works and planning have been in progress and we should soon see activity in the near future.

Staff have been operating under somewhat challenging conditions because of a lack of suitable office space, and I thank all for their patience.

Mine and Councils' vision for 2017 is that many positive changes and developments can be progressed, where living in Wiluna will be for the better and enjoyable. I look forward to goodwill and cooperation from other agencies, where they can all partner with the shire to help deliver these outcomes. The inter agency meetings are a good start.

It is anticipated that the first Shire/Mining liaison meet can happen in the next few months to progress the Shires' relationship with the mining industry.

Wiluna has still to reach its' tourism potential, and is blessed by having the CSR and GBH start from here. The new CSR, GBH interpretive centre will be a major catalyst in these developments.

During a visit last year to Darwin for Northern Australia, we had a very quick visit to the tourist centre at Kakadu . After seeing what has been done there, I believe there is an opportunity begging for the locals to develop a similar centre, where the Martu culture and stories can be told. There is a huge international appetite for such experiences.

The positive comments about the cleanliness of the town was welcoming. It will be up to all of us to ensure this standard is maintained and improved.

Once again 2016 was a very busy year, with myself, Councillors and CEO attending many meets . If we are to maintain a presence in the minds of others, it is essential to keep this effort up. It is also a positive experience for Councillors and staff.

I genuinely feel the Shire and town is still slowly progressing forward, maybe not as fast as I would like. Whilst there are still many challenges, I believe 2017 will deliver even more progress.

I thank all Councillors and staff for their support and efforts over the last year.

CHIEF EXECUTIVE OFFICER'S REPORT

It is with pleasure that I write about the accomplishments of the Shire of Wiluna during the 2015-16 Annual reporting period. The highlights of the projects which were undertaken by the Shire include the following:

- *Planning for the revitalisation of the Wiluna main street,*
- *Planning for the construction of a new administration centre,*
- *Ongoing planning for the restoration of the Wiluna Gunbarrel Highway and Canning Stock Route heritage and interpretative centre,*
- *Capital road works of rural roads and town streets,*
- *Purchase of plant and equipment,*
- *Airport electrical upgrade,*
- *Western Australian Natural Disaster Relief and Recovery Arrangements (WANDRRA) projects, repairs to Shire roads (natural disaster) have been completed.*
- *Staff recruitment and corporate structure planning.*

The planning for a number of major projects had continued during the 2015-16 financial year. This included the new administration building as well as the restoration of the Wiluna Gunbarrel Highway and Canning Stock Route heritage and interpretative centre. On-site works for both projects are expected to commence in the 2016-17 financial years.

WANDRRA funded road repairs which had commenced in the 2014-15 financial year were finally completed. The total cost of repairing the storm damage to the Shire's road network was around \$11 million.

The Shire had two CEO's during the 2015-16 financial year, Ms Andrea Nunan and Mr and Mr Dean Taylor. Whilst I was not working for the Shire during this time, I am starting to see a number of the above projects starting to come to fruition.

I would like to acknowledge the support from other government agencies, local community groups, businesses and local mining companies during the 2015-16 financial year. Especially, thanks must go to all Staff and Councillors who showed their dedication and commitment towards the Shire and local community during some very trying times.

Overall the Shire's financial position remains sound and Council is confident that this position will be maintained into the foreseeable future, provided the level of Federal and State Government funding can be maintained. A more detailed explanation of the Shire's financial performance/position for the 2015-16 financial year is included further in this report.

Colin Bastow
Acting Chief Executive Officer

ELECTIVE MEMBERS

The Shire of Wiluna is comprised of 6 elected members and 1 vacant position. Each member has a term of 4 years. Of these elected positions, three are going to expire in 2017 and four in 2019.

Elected members until 2017:

Cr. Jim Quadrio (President)

Cr. Graham Harris (Deputy President)

Cr. Chris Webb

Elected members until 2019:

Cr Norma Ward

Cr Stacey Petterson

Cr Caroline Thomas

Vacant

The Council meets in the afternoon of the fourth Wednesday of each month and is open to the general public. Special council meetings are advertised in advance. Agendas and Minutes of Council meetings are made available to the members of public at the Shire's Administration office or from the Shire's website.

ORDINARY COUNCIL MEETING DATES 2017

Date	Venue	Starting Time
25 January 2017	Shire Recreation Centre	12.00pm
22 February 2017	Shire Recreation Centre	12.00pm
22 March 2017	Shire Recreation Centre	12.00pm
26 April 2017	Shire Recreation Centre	12.00pm
24 May 2017	Shire Recreation Centre	12.00pm
28 June 2017	Shire Recreation Centre	12.00pm
26 July 2017	Shire Recreation Centre	12.00pm
23 August 2017	Shire Recreation Centre	12.00pm
27 September 2017	Shire Recreation Centre	12.00pm
25 October 2017	Shire Recreation Centre	12.00pm
22 November 2017	Shire Recreation Centre	12.00pm
13 December 2017	Shire Recreation Centre	12.00pm

STATUTORY REPORTS

National Competition Policy

In 1995, the Council of Australian Government entered into a number of agreements collectively known as the National Competition Policy. The policy is a whole of Government approach to bring about reform in the public sector to encourage Government to become more competitive. Local Government will mainly be affected where it operates significant business activities (apply to activities that generate a user pays income of over \$200,000 per annum, unless it can be shown it is not in the public interest) which compete with private sector business. Local Government will also be impacted where its local laws unnecessarily affect competition.

The Shire of Wiluna is required to comply with certain policies contained within the National Competition Policy statement and report on progress in connection with Competitive Neutrality Principle and review of Local Laws.

The Shire of Wiluna has incorporated the principles and assessment of National Competition Policy into its practices and activities, and does not believe to have undertaken activities that have been anti-competitive in nature.

Disability Services Act

Section 5.53 of the Local Government Act 1995 and section 29 of the Disability Services Act 1993 require the Shire to include a report in its Annual Report about the implementation of its Disability Access and Inclusion Plan (DAIP).

The Shire of Wiluna submitted its DAIP to the Disability Services Commission in July 2007. The review of the five year plan (2012-2017) was completed and submitted to the Commission in June 2013.

Schedule 3 of the Disability Services Regulations 2004 specifies six desired outcomes of DAIPs.

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.
2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.
3. People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of the public authority.
5. People with disabilities have the same opportunities as other people to make complaints to a public authority.
6. People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

As required by the Act, the Shire of Wiluna is required to review the progress of the DAIP, comparing proposed outcomes to achievements. The Shire remains committed to the above outcomes and ensures that activities undertaken are conducted in a manner consistent with the provision requirements of the Act. The DAIP 2015/2016 progress report was submitted to the Disability Service Commission in June 2016.

Records Management and State Records Act 2000

The Shire of Wiluna Record Keeping Plan was approved in September 2010. Under the *State Records Act 2000* (the *Act*) the Plan must be reviewed within five years of the approval date and a report of the review submitted to the State Records Commission. This was done in September of 2015 and an amendment to the Record Keeping Plan is being undertaken as the Shires' recordkeeping processes and practices which were described in the Shire of Wiluna Record Keeping Plan have since changed.

In compliance with the act requirements outlined in State Records Commission Standard 2, the Shire of Wiluna reports on:

- The efficiency and effectiveness of the organisation's recordkeeping system.

Performance indicators are used to assess the adequacy of the records creation and capture and file management. Overall performance in recordkeeping processes has improved with ongoing implementation of the Shire's recordkeeping system.

The Shire also implemented the following activities this year to ensure continued compliance with its recordkeeping requirements:

- ◆ A new record keeping system was implemented and is nearing completion.
- ◆ New policies and procedures have been drawn up.
- ◆ An amendment to the Shire of Wiluna Record Keeping Plan has been undertaken.

- The efficiency and effectiveness of the recordkeeping training program.

The Shire's recordkeeping training program includes recordkeeping awareness for staff and strategies to ensure full and meaningful compliance with the standard.

Plan for the Future

The Local Government Act requires Council to plan for the future of its district and that plans made "are in accordance with any regulations made about planning for the future".

The Shire has complied with the entire Integrated Planning and Reporting Framework requirement established by the Department of the Local Government.

It is also the requirement of the Act, that the Annual Report must include an overview of the Plan for the Future including the major initiatives that are proposed to continue or commence in the next financial year.

The following major projects that are proposed to continue or commence in 2016/2017:

- Main Street Revitalisation
- Construction of Shire Administration Centre
- On going construction of Wiluna Gunbarrel Highway and Canning Stock Route Heritage and Interpretative Centre
- Capital road works- Rural Roads/Town Streets
- Purchase (Changeover) of plant and equipment
- Establish new town water supply
- Construction of Staff housing
- Cemetery upgrade

Employee Remuneration Information

Local Government Act 1995, Section 5.53 and Administration Regulations 1996 – Reg. 19B require local governments to disclose in their annual report the number of employees entitled to annual salary of \$100,000 or more, and the number of employees with an annual salary with entitlement that falls within each band of \$10,000 over \$100,000.

For the reporting period, the Shire of Wiluna had one employee with an annual salary exceeding \$100,000, within the \$160,000 and \$170,000 band.

Freedom of Information Statement

In accordance with section 96 of the Freedom of Information Act 1992, the Shire of Wiluna is required to publish its Freedom of Information (FOI) Statement in its Annual Report.

It is the aim of the Shire of Wiluna to make information available promptly and at the least possible cost, and whenever possible documents will be provided outside the FOI process. If information is not routinely available, the *Freedom of Information Act* 1992 provides the right to apply for documents held by the Shire of Wiluna and to enable the public to ensure that personal information in documents is accurate, complete, up to date and not misleading. Routine information which does not require an FOI application include documents that is available to the public for purchase or free distribution (e.g. agenda/minutes), documents available for public inspection, State archives to which a person has a right to be given access under Part 6 of the State Records Act 2000, publicly available library material for reference purposes or a document made or acquired by an art gallery, museum or library and preserved for public reference or exhibition purposes.

Freedom of Information Applications

Access applications have to:

- Be in writing and addressed to the Chief Executive Officer of the Shire of Wiluna, PO Box 38, Wiluna WA 6646. No special forms are required.
- Give enough information so that the documents requested can be specifically identified and does not involve unreasonable time and resource to the Shire, otherwise, your application may be refused.
- Give an Australian address to which notices can be sent and if possible, provide your telephone, fax numbers and email address to help hasten the process.
- Be lodged at the Shire of Wiluna with any application fee payable.

Applications will be acknowledged in writing and you will be notified of the decision within 45 days once the application has been accepted.

Application Charges

A scale of fees and charges set under the FOI Act Regulations are stated below.

- | | |
|---|----------------|
| • <i>Personal information about the applicant</i> | <i>No fee.</i> |
| • <i>Application fee (for non personal information)</i> | <i>\$30.00</i> |
| • <i>Charge for time dealing with the application</i>
<i>(per hour, or pro rata)</i> | <i>\$30.00</i> |
| • <i>Access time supervised by staff</i>
<i>(per hour, or pro rata)</i> | <i>\$30.00</i> |
| • <i>Photocopying staff time</i>
<i>(per hour, or pro rata)</i> | <i>\$30.00</i> |
| • <i>Per photocopy</i> | <i>.20</i> |
| • <i>Transcribing from tape, film or computer</i> | |

(per hour, or pro rata)	\$30.00
• Duplicating a tape, film or computer information	Actual Cost
• Delivery, packaging and postage	Actual Cost

Deposits

- Advance deposit may be required of the estimated charges 25%
- Further advance deposit may be required to meet the charges for dealing with the application. 75%

For financially disadvantaged applicants or those issued with prescribed pensioner concession cards, the charge payable is reduced by 25%.

Access Arrangements

Access to documents can be granted by way of inspection, a copy of a document, a copy of an audio or video tape, a computer disk, a transcript of a recorded, shorthand or encoded document from which words can be reproduced.

Notice of Decision

As soon as possible but in any case within 45 days you will be provided with a notice of decision which will include details such as -

- the date on which the decision was made
- the name and the designation of the officer who made the decision
- if the document is an exempt document the reasons for classifying the matter exempt; or the fact that access is given to an edited document
- information on the right to review and the procedures to be followed to exercise those rights.

Refusal of Access

Applicants who are dissatisfied with a decision of the agency are entitled to ask for an **internal review** by the agency. Application should be made in writing within 30 days of receiving the notice of decision. You will be notified of the outcome of the review within 15 days.

If you disagree with the result you then can apply to the Information Commissioner for an **external review**, and details would be advised to applicants when the internal review decision is issued.

No Freedom of Information application has been received by the Shire of Wiluna in the year 2015/2016.

Complaints Register

Section 5.121 requires that a register of all complaints, made in relation to conduct of members, be disclosed in the Annual Report.

For the year ended 30 June 2016, the Shire of Wiluna had no complaints of this nature to disclose.

FINANCIAL PERFORMANCE

The Shire of Wiluna completed the financial year 2015/2016 in a healthy financial position. The financial year 2015/2016 closed with \$11.22million in cash flow, an increase of 4% from previous year.

The Financial Report and Audit Report for the year ending 30 June 2016 follow later in detail.

Balance Sheet Position Comparison

Balance Sheet position (amount in million dollars)				
<i>\$ millions</i>	<i>As at</i> <i>30/06/2015</i>	<i>As at</i> <i>30/06/2014</i>	<i>Change</i> <i>30/06/2016 over</i> <i>30/06/2015</i>	
Cash and Cash equivalents	11.22	10.78	.44	
Trade & Other receivables	1.53	1.400	.13	
Inventories	.04	.04	.00	
Property, Plant & Equipment	15.68	15.37	.31	
Infrastructures	171.05	174.88	-3.83	
Total Assets	199.52	202.48	-2.96	
Trade & Other Payables	.86	1.48	-.62	
Other Liabilities	.31	.28	.03	
Total Liabilities	2.32	3.04	-.72	
Net Assets/Total Equity	197.21	199.45	2.24	

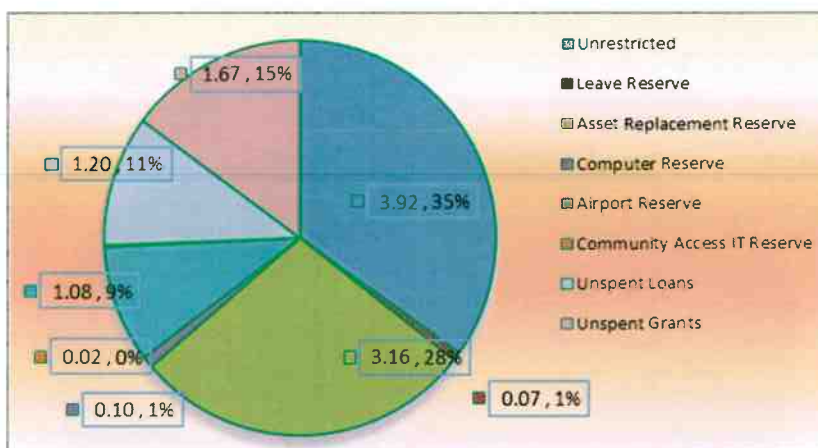
Key Features of the comparative financial position:

- An Increase in cash is due to a number of capital projects were not completed and are carried forward to next financial year (2016/2017).
- The receivable's increase is from road projects and WANNDRA flood damage grants.
- Increase in property, plant and equipment is contributed by the purchase of vehicles and equipment, the on going construction of Heritage and Interpretive Centre, and the revaluation increment of Plant and Equipment. This is partly offsetted by depreciation and disposals.
- An increase in depreciation on roads due to revaluation of the assets resulted to a decrease in Infrastructure.
- A drop in net assets/equity is in line with the decrease in fixed assets-infrastructure and liabilities.

Cash

The \$11.22million in cash flow at the close of the year were cash held in four reserve accounts (39%), unspent loan (10%), unspent grants (14%) and unrestricted-general funds (34%).

The following graph shows the Cash Asset (in millions) for 2015/2016:



A 46% of the operating funds were placed into fixed term and call deposits accounts.

Reserve Accounts

The Reserve accounts were created for specific purpose to fund future projects. The Shire increases its reserve accounts through interest and operating surplus. It will continue to build up the reserves to address the future needs.

The Shire's cash backed reserves at year end totalled to \$4,437,462. The transfer to reserves of \$1,099,428 (including interest received) from operating surplus increased the total funds by 32% compared to last year's balance.

Note 11 of the Annual Financial Report in page 36, provides information on the movements and the purpose of the Reserve accounts.

Financial Year Income/Expense Comparison

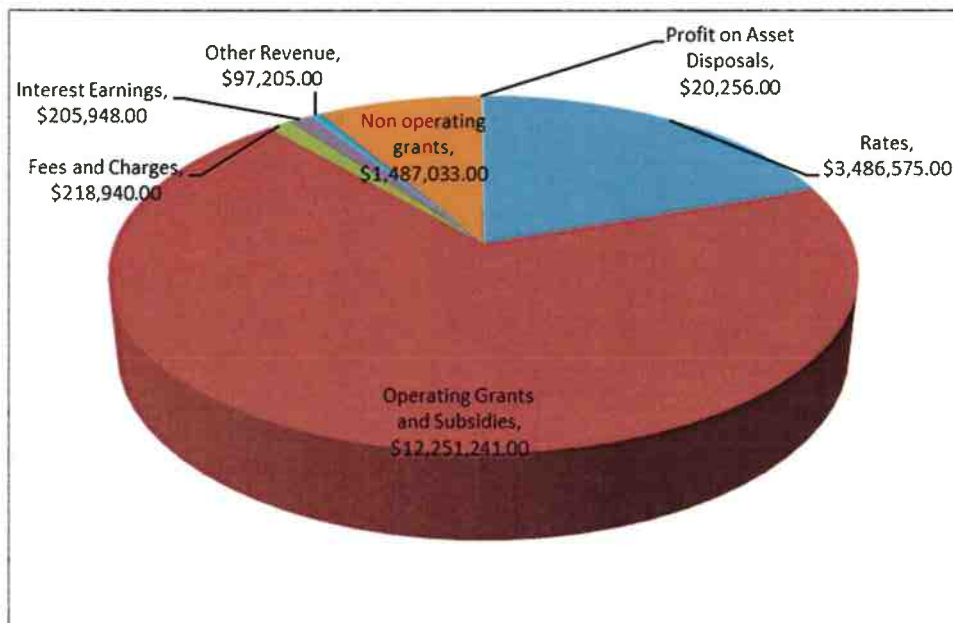
Financial Year Income Comparison (amount in million dollars)		
<i>AU\$ millions</i>	<i>FY 2015/2016</i>	<i>FY 2014/2015</i>
<i>Total Revenue</i>	<i>17.77</i>	<i>10.84</i>
<i>Expenditure</i>	<i>20.38</i>	<i>9.47</i>
<i>Net Result</i>	<i>2.6</i>	<i>1.37</i>

Key Features of the comparative financial result

- A 63% increased in revenue is mainly contributed by funds received from WANNDRA for the flood damage road project.

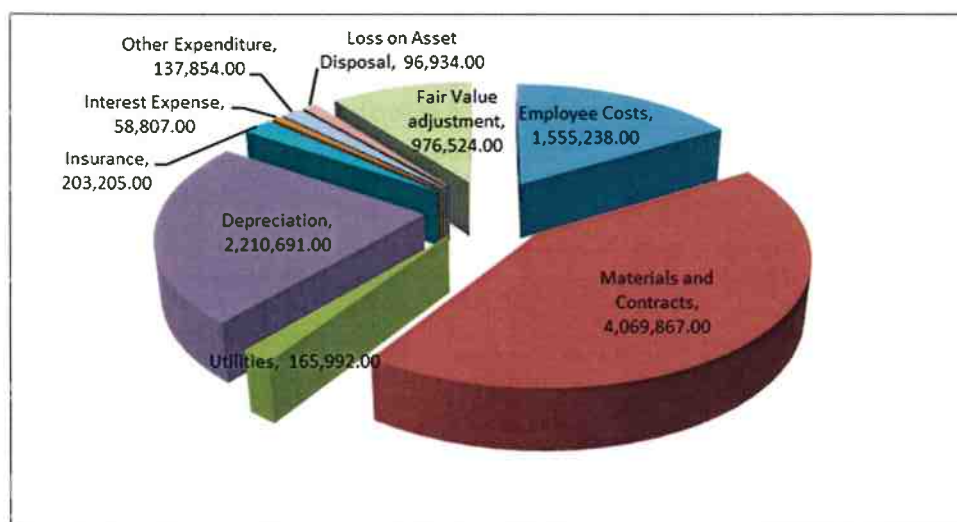
- A significant increase in expenditure is due to major repairs and maintenance of roads particularly flood damage.
- The increase in net result is in line with the increase of revenue, both the operating and capital.

The graph below illustrates the sources of Council's revenue for 2015/2016. Operating grants and subsidies consisted of 68.95% of recurrent revenue whilst major own source revenue comes from rate at 19.62% and Fees and Charges at 1.23%.



The graph below illustrates Council's expenditure for 2015/2016. Materials and Contracts consisted of 61% of recurrent expenditure, with employee costs at 6% and depreciation at 29%. A total of \$11,293,683 was spent on road/street construction and maintenance for the year. These funds were expended in the following areas:

- Flood Damage – Roads \$10,915,034 (Funded by WANNDRA)
- Road Maintenance \$ 375,693
- Footpath Maintenance \$ 2,956



Rates

The general rate revenue increase of 3% applied for the 2015/2016 financial year generated total rate revenue of \$3,486,575. The minimum rates increased from \$300 to \$310 for both GRV Mining and UV rated properties, and from \$400 to \$410 for GRV Wiluna Town sites.

Capital Expenditure

The Council budgeted \$9.54 million for capital expenditure. Council spent \$741,374 in Property, Plant and Equipment, and \$1,452,860 in Infrastructure this year.

A number of capital projects have been carried forward to the next financial year (2016/2017) for completion bringing a substantial surplus at the end of the year.

Loans

Council is able to raise funds for a specific project by way of borrowing. As at 30 June 2016, the Shire has a loan liability of \$1,257,895. This loan partially funded the completion of Recreation Change rooms, toilets and Kiosk building in 2013/2014, and the on going Wiluna Gunbarrel Hwy and Canning Stock Route Heritage and Interpretive Centre project.

Budget Review

Local governments are required to conduct a budget review between six and nine months into a financial year. It establishes whether a local government continues meeting its budget commitments. Council adopted the budget review on 26 February 2016. The review was based on six months period operation from 1 July 2015 to 31 December 2015.

Audit

The audit for 2015/2016 was successfully completed in accordance with Local Government Act and Accounting Regulations. This demonstrates to the integrity of the financial control systems is in placed. Staff are pleased that the Shire has achieved another year of successful audit report.

Conclusion

The Shire of Wiluna concluded the year 2015/2016 in good financial position. The staff endeavours to commit in safeguarding Shire's finances, managed according to budget, and meet the compliance requirements.

I personally salute the staff for their enthusiasm, time, and commitment in their respective responsibilities ensuring that tasks are done accurately, satisfactorily and on time.

Ms. Glenn Deocampo
Executive Manager, Corporate Services

ANNUAL FINANCIAL REPORT

FOR YEAR ENDED 30TH JUNE 2016

SHIRE OF WILUNA

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
28 Scotia Street
Wiluna WA 6646

**SHIRE OF WILUNA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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 13 day of December 2016


Colin Bastow
Acting Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	3,486,575	3,440,880	3,324,172
Operating grants, subsidies and contributions	28	12,251,421	14,205,729	5,107,098
Fees and charges	27	218,940	310,851	295,553
Interest earnings	2(a)	205,948	202,100	279,679
Other revenue	2(a)	97,205	23,750	81,417
		<u>16,260,089</u>	<u>18,183,310</u>	<u>9,087,919</u>
Expenses				
Employee costs		(1,315,889)	(2,324,332)	(1,555,238)
Materials and contracts		(12,565,017)	(12,617,955)	(4,069,867)
Utility charges		(148,832)	(178,324)	(165,992)
Depreciation on non-current assets	2(a)	(5,947,104)	(2,438,209)	(2,210,691)
Interest expenses	2(a)	(52,550)	(54,380)	(58,807)
Insurance expenses		(212,415)	(221,421)	(203,205)
Other expenditure		(127,452)	(133,197)	(137,854)
		<u>(20,369,259)</u>	<u>(17,967,818)</u>	<u>(8,401,654)</u>
		(4,109,170)	215,492	686,265
Non-operating grants, subsidies and contributions	28	1,487,033	1,902,445	1,754,414
Profit on asset disposals	21	20,256	0	2,083
(Loss) on asset disposals	21	(8,618)	(46,132)	(96,934)
Fair value adjustments to fixed assets through profit & loss (Loss on revaluation)		0	0	(976,524)
Net result		<u>(2,610,499)</u>	<u>2,071,805</u>	<u>1,369,304</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	370,292	0	162,342,756
Total other comprehensive income		<u>370,292</u>	<u>0</u>	<u>162,342,756</u>
Total comprehensive income		<u>(2,240,207)</u>	<u>2,071,805</u>	<u>163,712,060</u>

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

SHIRE OF WILUNA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Governance		391	900	1,218
General purpose funding		4,915,502	4,891,659	7,277,898
Law, order, public safety		4,284	12,020	11,961
Health		191	413	401
Education and welfare		1,195	100	0
Housing		1,480	500	2,072
Community amenities		67,781	65,630	60,075
Recreation and culture		190,094	226,150	278,428
Transport		11,011,673	12,932,070	1,374,250
Economic services		12,696	24,800	25,877
Other property and services		54,802	29,068	55,740
		<u>16,260,089</u>	<u>18,183,310</u>	<u>9,087,920</u>
Expenses				
Governance		(976,928)	(1,368,269)	(982,273)
General purpose funding		(206,093)	(256,442)	(227,367)
Law, order, public safety		(129,307)	(141,244)	(121,284)
Health		(74,462)	(100,282)	(78,328)
Education and welfare		(56,620)	(231,461)	(47,855)
Community amenities		(565,470)	(543,269)	(577,454)
Recreation and culture		(1,100,370)	(1,552,296)	(1,318,795)
Transport		(16,971,466)	(13,364,959)	(4,719,788)
Economic services		(231,354)	(341,908)	(250,641)
Other property and services		(4,639)	(13,308)	(19,063)
		<u>(20,316,709)</u>	<u>(17,913,438)</u>	<u>(8,342,848)</u>
Finance costs				
Recreation and culture		(12,562)	(15,994)	(17,295)
Economic services		(39,988)	(38,386)	(41,512)
		<u>(52,550)</u>	<u>(54,380)</u>	<u>(58,807)</u>
		<u>(4,109,170)</u>	<u>215,492</u>	<u>686,265</u>
Non-operating grants, subsidies and contributions	28	1,487,033	1,902,445	1,754,414
Profit on disposal of assets	21	20,256	0	0
(Loss) on disposal of assets	21	(8,618)	(46,132)	(94,851)
Fair value adjustments to financial assets at profit & loss (Loss on revaluation)		0	0	(976,524)
		<u>1,498,671</u>	<u>1,856,313</u>	<u>683,039</u>
Net result		<u>(2,610,499)</u>	<u>2,071,805</u>	<u>1,369,304</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	370,292	0	162,342,756
Total other comprehensive income		<u>370,292</u>	<u>0</u>	<u>162,342,756</u>
Total comprehensive income		<u>(2,240,207)</u>	<u>2,071,805</u>	<u>163,712,060</u>

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

SHIRE OF WILUNA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	11,221,277	10,788,362
Trade and other receivables	4	1,528,695	1,400,065
Inventories	5	42,458	42,433
TOTAL CURRENT ASSETS		<u>12,792,430</u>	<u>12,230,860</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	15,681,739	15,370,280
Infrastructure	7	171,054,321	174,886,720
TOTAL NON-CURRENT ASSETS		<u>186,736,060</u>	<u>190,257,000</u>
TOTAL ASSETS		<u>199,528,490</u>	<u>202,487,860</u>
CURRENT LIABILITIES			
Trade and other payables	8	866,749	1,486,652
Current portion of long term borrowings	9	159,277	153,152
Provisions	10	150,658	127,574
TOTAL CURRENT LIABILITIES		<u>1,176,684</u>	<u>1,767,378</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,098,709	1,257,985
Provisions	10	42,900	12,092
TOTAL NON-CURRENT LIABILITIES		<u>1,141,609</u>	<u>1,270,077</u>
TOTAL LIABILITIES		<u>2,318,293</u>	<u>3,037,455</u>
NET ASSETS		<u>197,210,197</u>	<u>199,450,405</u>
EQUITY			
Retained surplus		22,810,094	26,520,022
Reserves - cash backed	11	4,437,462	3,338,034
Revaluation surplus	13	169,962,641	169,592,349
TOTAL EQUITY		<u>197,210,197</u>	<u>199,450,405</u>

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

SHIRE OF WILUNA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		26,819,538	1,669,214	7,249,593	35,738,345
Comprehensive income		1,369,304	0	0	1,369,304
Net result		0	0	0	0
Changes on revaluation of assets	13	1,369,304	0	162,342,756	162,342,756
Total comprehensive income		1,369,304	0	162,342,756	163,712,060
Transfers from/(to) reserves		(1,668,820)	1,668,820	0	0
Balance as at 30 June 2015		26,520,022	3,338,034	169,592,349	199,450,405
Comprehensive income		(2,610,499)	0	0	(2,610,499)
Net result		0	0	0	0
Changes on revaluation of assets	13	(2,610,499)	0	370,292	370,292
Total comprehensive income		(2,610,499)	0	370,292	(2,240,207)
Transfers from/(to) reserves		(1,099,428)	1,099,428	0	0
Balance as at 30 June 2016		22,810,095	4,437,462	169,962,641	197,210,198

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

SHIRE OF WILUNA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,283,333	3,461,230	3,359,784
Operating grants, subsidies and contributions		12,269,807	14,204,729	4,095,430
Fees and charges		218,940	310,851	295,553
Interest earnings		227,047	202,100	294,814
Goods and services tax		0	(1,000)	(40,388)
Other revenue		97,205	23,750	81,417
		<u>16,096,332</u>	<u>18,201,660</u>	<u>8,086,610</u>
Payments				
Employee costs		(1,224,487)	(2,113,026)	(1,538,570)
Materials and contracts		(13,216,058)	(12,187,700)	(2,805,406)
Utility charges		(148,832)	(178,324)	(165,992)
Interest expenses		(58,947)	(54,380)	(61,583)
Insurance expenses		(212,415)	(221,421)	(203,205)
Goods and services tax		35,127	0	(2,461)
Other expenditure		(127,452)	(133,197)	(137,853)
		<u>(14,953,064)</u>	<u>(14,888,048)</u>	<u>(4,915,070)</u>
Net cash provided by (used in) operating activities	14(b)	<u>1,143,268</u>	<u>3,313,612</u>	<u>3,171,540</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(311,606)	(6,988,812)	(807,787)
Payments for construction of infrastructure		(1,443,225)	(2,575,654)	(514,831)
Payments for Work in Process		(439,403)	0	(60,750)
Non-operating grants, subsidies and contributions		1,487,033	1,902,445	1,754,414
Proceeds from sale of fixed assets	21	150,000	60,000	157,365
Net cash provided by (used in) investment activities		<u>(557,201)</u>	<u>(7,602,021)</u>	<u>528,412</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(153,152)	(153,152)	(147,263)
Net cash provided by (used in) financing activities		<u>(153,152)</u>	<u>(153,152)</u>	<u>(147,263)</u>
Net increase (decrease) in cash held		432,915	(4,441,561)	3,552,689
Cash at beginning of year		10,788,362	10,788,502	7,235,673
Cash and cash equivalents at the end of the year	14(a)	<u>11,221,277</u>	<u>6,346,941</u>	<u>10,788,362</u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)		<u>7,278,600</u> 7,278,600	<u>6,185,072</u> 6,185,072	<u>4,512,433</u> 4,512,433
Revenue from operating activities (excluding rates)				
Governance		391	900	1,218
General purpose funding		1,428,927	1,450,779	3,953,726
Law, order, public safety		4,284	12,020	11,961
Health		191	413	401
Education and welfare		1,195	100	0
Housing		1,480	500	2,072
Community amenities		67,781	65,630	60,075
Recreation and culture		190,094	226,150	278,428
Transport		11,011,673	12,932,070	1,374,250
Economic services		12,696	24,800	25,877
Other property and services		<u>75,058</u>	<u>29,068</u>	<u>55,740</u>
		12,793,770	14,742,430	5,763,748
Expenditure from operating activities				
Governance		(976,928)	(1,368,269)	(982,273)
General purpose funding		(206,093)	(256,442)	(227,367)
Law, order, public safety		(129,307)	(141,244)	(121,284)
Health		(74,462)	(100,282)	(78,328)
Education and welfare		(56,620)	(231,461)	(47,855)
Community amenities		(565,470)	(543,269)	(577,454)
Recreation and culture		(1,125,493)	(1,568,290)	(1,336,090)
Transport		(16,967,523)	(13,411,090)	(4,757,275)
Economic services		(271,342)	(380,294)	(349,515)
Other property and services		<u>(4,639)</u>	<u>(13,308)</u>	<u>(19,063)</u>
		(20,377,877)	(18,013,949)	(8,496,504)
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(20,256)	0	(2,083)
Loss on disposal of assets	21	8,618	46,132	96,934
Movement in employee benefit provisions (non-current)		30,809	0	(43,120)
Depreciation and amortisation on assets	2(a)	<u>5,947,104</u>	<u>2,438,209</u>	<u>2,210,691</u>
Amount attributable to operating activities		5,660,768	5,397,894	4,042,099
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,487,033	1,902,445	1,754,414
Proceeds from disposal of assets	21	150,000	60,000	157,365
Purchase of property, plant and equipment	6(b)	(741,374)	(6,988,812)	(849,389)
Purchase and construction of infrastructure	7(b)	<u>(1,452,860)</u>	<u>(2,575,655)</u>	<u>(533,979)</u>
Amount attributable to investing activities		(557,201)	(7,602,022)	528,411
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(153,152)	(153,152)	(147,263)
Transfer from Restricted Loan		0	0	1,200,000
Transfers to reserves (restricted assets)	11	(1,099,428)	(1,083,600)	(1,808,820)
Transfers from reserves (restricted assets)	11	<u>0</u>	<u>0</u>	<u>140,001</u>
Amount attributable to financing activities		(1,252,580)	(1,236,752)	(616,082)
Surplus(deficiency) before general rates		<u>3,850,987</u>	<u>(3,440,880)</u>	<u>3,954,428</u>
Total amount raised from general rates	23	<u>3,486,575</u>	<u>3,440,880</u>	<u>3,324,172</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>7,337,561</u></u>	<u><u>0</u></u>	<u><u>7,278,600</u></u>

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

SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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.

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.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent revenue experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent revenue experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The Council determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, and infrastructure. The useful lives could change significantly as a result of technical innovations and some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Capitalisation threshold

Items of Property, plant, furniture and equipment when acquired are only capitalised if the purchase cost/value of the item is equal or exceeds the following:

Buildings	\$	5,000
Plant	\$	5,000
Furniture	\$	3,000
Equipment/Tools	\$	3,000

Any items acquired that are below the above values are included as an operational cost and recorded in the asset inventory system

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques

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

Market approach

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

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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.

(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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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) Revenue

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue (continued)

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration.

Service Charges

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services.

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

(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.

(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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	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>
<p>(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 & 138]</p>	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>
<p>(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p>	December 2014	1 January 2017	<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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(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:

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire of Wiluna is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

We live in a diverse and dynamic region with outstanding opportunities for all.

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of pest control services and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide opportunities for the community to develop their education and training and capacity.

Activities:

Provision and development of community service programmes, including training and disabilities requirements.

HOUSING

Objective:

To provide and maintain housing for the employees of the Shire

Activities:

Provision and maintenance housing for the employees of the Shire

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services & amenities required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, art gallery and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion, provision of rural services including weed control and vermin control. Building Control and economic development facilities.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operation, administration overheads, plant repair/operation costs, and works overhead costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Dept of Art - Art Gallery Operation Grant	Art Gallery Operation	43,478	100,000	(111,306)	32,172	100,000	(90,649)	41,523 *
Dept of Sports and Recreation	Swimming Pool	0	30,000	(30,000)	0	32,000	0	32,000
Facilities Audit/Master Plan	Facilities Audit/Master Plan	0	17,500	(17,500)	0	0	0	0
Regional Road Group Grant	Regional Roads	0	220,998	(220,998)	0	149,685	(149,685)	0
Federal Government Roads to Recovery	Roads Project	0	80,000	(80,000)	0	1,089,348	(815,714)	273,634
Remote Communities- FAGS	Roads Project	0	18,000	0	18,000	36,000	(54,000)	0
Remote Aboriginal Communities	Roads Project	0	18,000	0	18,000	27,000	(45,000)	0
Dept of Local Government - CLGF	Heritage Interpretive Centre	0	1,000,000	(17,542)	982,458	0	(350,857)	631,601 *
Emergency Services-Operational Grant	ESL Operation	13,178	11,543	(8,603)	16,118	3,919	(11,002)	9,035
Dept of Local Government-CLGF	Administration Building	417,416	0	(24,059)	393,357	0	(198,231)	195,126 *
Dept of Local Government-CLGF	Administration Building	0	417,416	0	417,416	0	0	417,416 *
AED	Art Gallery Operation	14,994	0	0	14,994	0	0	14,994
Wiluna Development Programme	Development Projects	53,752	0	0	53,752	0	0	53,752
WA Police Strategic Crime Prevention	CCTV/Camera	16,930	0	(16,930)	0	0	0	0
Dept of Culture & Arts-Future Focus for WA Aboriginal Art Centres Program	Art Development Fit out	0	0	0	0	5,000	0	5,000
Regional Airport Development Scheme	Airport Master Plan	0	0	0	0	29,604	(29,604)	0
Regional Airport Development Scheme	Airport Electrical Renewal	0	0	0	0	185,000	(185,000)	0
Total		559,748	1,913,457	(526,938)	1,946,267	1,657,556	(1,929,742)	1,674,081

Notes:

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

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

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

* At 30 June 2016, the Shire had committed this funding for use in accordance with funding agreement.

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		3,909,735	4,304,061
Restricted		7,311,542	6,484,301
		<u>11,221,277</u>	<u>10,788,362</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	72,893	70,159
Asset Replacement reserve	11	3,163,590	2,824,188
Airport Reserve	11	1,084,261	369,847
Reserve - Computer	11	100,871	58,588
Reserve - Wiluna Telecentre	11	15,846	15,252
Unspent grants	2(c)	1,674,081	1,946,267
Unspent loans	22(c)	1,200,000	1,200,000
		<u>7,311,542</u>	<u>6,484,301</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		395,420	192,178
Sundry debtors		1,160,614	105,130
GST receivable		7,722	42,849
Provision for Bad Debts		(62,256)	(54,854)
Accrued Income		27,195	1,114,762
		<u>1,528,695</u>	<u>1,400,065</u>
Debtors Age Analysis			
The ageing of the past due but not impaired receivables (Rates Outstanding and Sundry Debtors)			
0 to 3 months overdue		6,200	17,997
3 to 6 months overdue		0	0
Over 6 months overdue		381,774	154,507
		<u>387,974</u>	<u>172,504</u>
5. INVENTORIES			
Current			
Fuel and materials		42,458	42,433
		<u>42,458</u>	<u>42,433</u>

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

	2016 \$	2015 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	390,000	390,000
	<u>390,000</u>	<u>390,000</u>
	<u>390,000</u>	<u>390,000</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 3	13,056,993	12,189,057
- Additions after valuation - cost	81,415	867,935
Less: accumulated depreciation	<u>(692,624)</u>	<u>(393,476)</u>
	12,445,784	12,663,516
	<u>12,445,784</u>	<u>12,663,516</u>
Total land and buildings	<u>12,835,784</u>	<u>13,053,516</u>
Furniture and equipment at:		
- Management valuation 2016 - level 2	132,620	0
- Management valuation 2015 - level 2	0	209,689
- Independent valuation 2016 - level 3	<u>43,750</u>	<u>0</u>
	176,370	209,689
Plant and equipment at:		
- Management valuation 2013 - level 2	0	1,488,000
- Independent valuation 2016 - level 2	2,053,250	0
- Additions after valuation - cost	0	940,105
Less accumulated depreciation	<u>0</u>	<u>(507,597)</u>
	2,053,250	1,920,508
Work in Progress - Building		
- at Cost	<u>616,335</u>	<u>186,567</u>
	616,335	186,567
	<u>15,681,739</u>	<u>15,370,280</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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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 - freehold	390,000	0	0	0	0	0	0	0	390,000
Total land	390,000	0	0	0	0	0	0	0	390,000
Buildings - non-specialised	12,663,516	81,415	0	0	0	0	(299,147)	0	12,445,784
Total buildings	12,663,516	81,415	0	0	0	0	(299,147)	0	12,445,784
Total land and buildings	13,053,516	81,415	0	0	0	0	(299,147)	0	12,835,784
Furniture and equipment	209,689	51,924	0	(41,659)	0	0	(43,584)	0	176,370
Plant and equipment	1,920,508	178,267	(138,362)	411,951	0	0	(319,114)	0	2,053,250
Work in Progress - Building	186,567	429,768	0	0	0	0	0	0	616,335
Total property, plant and equipment	15,370,280	741,374	(138,362)	370,292	0	0	(661,845)	0	15,681,739

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	Level 2	Sales Comparison Approach/Cost Approach	Market Value	May 2014	Market sales evidence available at the date of valuation; specific valuation comments
Buildings - non-specialised	Level 3	Sales Comparison Approach/Cost Approach (Net Valuation Approach)	Fair Value	May 2014	Market sales evidence available at the date of valuation; specific valuation comments
Furniture and equipment					
- Management valuation	Level 2	Market approach (Net Valuation Approach)	Market Value	June 2016	Comparison with similar market value of similar assets
- Independent valuation	Level 3	Market approach (Net Valuation Approach)	Market Value	June 2016	Comparison with similar market value of similar assets
Plant and equipment					
- Independent valuation	Level 2	Market approach (Net Valuation Approach)	Fair Value	June 2016	Open market value of similar assets; comparison with market value of similar assets

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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 2	217,884,131	217,884,131
- Additions after valuation - cost	1,115,427	0
Less accumulated depreciation	<u>(52,645,216)</u>	<u>(47,551,008)</u>
	166,354,342	170,333,123
Infrastructure -Airport		
- Management valuation 2015 - level 2	3,279,750	3,279,750
- Additions after valuation - cost	298,398	0
Less accumulated depreciation	<u>(138,421)</u>	<u>0</u>
	3,439,727	3,279,750
Infrastructure - Other		
- Management valuation 2015 - level 2	1,242,850	1,242,850
- Additions after valuation - cost	29,400	0
Less accumulated depreciation	<u>(52,630)</u>	<u>0</u>
	1,219,620	1,242,850
Work in Progress - Infrastructure		
- at Cost	<u>40,632</u>	<u>30,997</u>
	40,632	30,997
	<u>171,054,321</u>	<u>174,886,720</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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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	170,333,123	1,115,427	0	0	0	0	(5,094,208)	0	166,354,342
Infrastructure -Airport	3,279,750	298,398	0	0	0	0	(138,421)	0	3,439,727
Infrastructure - Other	1,242,850	29,400	0	0	0	0	(52,630)	0	1,219,620
Work in Progress - Infrastructure	30,997	9,635	0	0	0	0	0	0	40,632
Total infrastructure	174,886,720	1,452,860	0	0	0	0	(5,285,259)	0	171,054,321

SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH 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
Infrastructure - Roads	Level 3	Cost Approach (Gross Revaluation Method)	Conditioned based valuation	June 2015	Conditioned based valuation; Valuation generated using the RAMM (Roman II) module
Infrastructure - Airport	Level 2	Cost Approach (Net Revaluation Method)	Fair Value	June 2015	Market sales evidence available at the date of valuation; specific valuation comments
Infrastructure - Other	Level 2	Cost Approach (Net Revaluation Method)	Fair Value	June 2015	Market sales evidence available at the date of valuation; specific valuation comments

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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	685,784	1,406,202
Accrued interest on debentures	15,060	21,457
Accrued salaries and wages	47,106	7,129
ATO liabilities	0	2,467
Accrued Expenses	84,215	4,484
Rates with credit balances	34,584	44,913
	<u>866,749</u>	<u>1,486,652</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	159,277	153,152
	<u>159,277</u>	<u>153,152</u>
Non-current		
Secured by floating charge		
Debentures	1,098,709	1,257,985
	<u>1,098,709</u>	<u>1,257,985</u>

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	52,548	75,026	127,574
Non-current provisions	0	12,092	12,092
	<u>52,548</u>	<u>87,118</u>	<u>139,666</u>
Movement in Provision	39,420	14,472	53,892
Balance at 30 June 2016	<u>91,968</u>	<u>101,590</u>	<u>193,558</u>
Comprises			
Current	91,968	58,690	150,658
Non-current	0	42,900	42,900
	<u>91,968</u>	<u>101,590</u>	<u>193,558</u>

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

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to Balance	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to (from)	Actual 2015 Closing Balance
Leave reserve	\$ 70,159	\$ 2,734	\$ 72,893	\$ 70,159	\$ 3,000	\$ 73,159	\$ 38,829	\$ 31,330	\$ 70,159
Asset Replacement reserve	2,824,188	339,402	3,163,590	2,824,188	335,000	3,159,188	1,519,880	1,444,308	2,824,188
Airport Reserve	369,847	714,414	1,084,261	369,847	703,000	1,072,847	68,116	301,731	369,847
Reserve - Computer	58,588	42,283	100,871	58,588	42,000	100,588	27,642	30,946	58,588
Reserve - Wiluna Telecentre	15,252	594	15,846	15,252	600	15,852	14,747	505	15,252
	3,338,034	1,099,428	4,437,461	3,338,034	1,083,600	4,421,634	1,569,214	1,808,820	3,338,034

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.

12. RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	N/A	- to be used to fund annual and long service leave requirements.
Asset Replacement reserve	2017	- to be used for the purchase and replacement of equipment, furniture, plant, buildings, infrastructure including roads, footpaths, and recreation facilities
Airport Reserve	2017	- to be used to fund the long term maintenance and upgrading of the Wiluna Airstrip
Reserve - Computer	2017	- to be used to ensure that the administration computer system is maintained.
Reserve - Wiluna Telecentre	2017	- to be used to fund the replacement and upgrading of the IT Equipment provided for use by the community.

13 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	\$ 6,347,852	\$ 0	\$ 0	\$ 0	\$ 6,347,852	\$ 6,347,852	\$ 0	\$ 0	\$ 0	\$ 6,347,852
Furniture and equipment	144,887	0	(41,659)	(41,659)	103,228	144,887	0	0	144,887	144,887
Plant and equipment	229,274	411,951	0	411,951	641,225	229,274	0	0	0	229,274
Infrastructure - Roads	160,237,455	0	0	0	160,237,455	160,237,455	0	0	160,237,455	160,237,455
Infrastructure - Airport	2,632,881	0	0	0	2,632,881	672,467	1,960,414	0	1,960,414	2,632,881
	169,592,349	411,951	(41,659)	370,292	169,962,641	7,249,593	162,342,756	0	162,342,756	169,592,349

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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
Cash and cash equivalents	<u>11,221,277</u>	<u>6,346,941</u>	<u>10,788,362</u>

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

Net result	(2,610,499)	2,071,805	1,369,304
Non-cash flows in Net result:			
Depreciation	5,947,104	2,438,209	2,210,691
(Profit)/Loss on sale of asset	(11,638)	46,132	94,851
Loss on revaluation of fixed assets	0	0	976,524
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(128,630)	18,350	(1,003,769)
(Increase)/Decrease in inventories	(25)	1,000	(27,366)
Increase/(Decrease) in payables	(619,903)	628,561	1,298,641
Increase/(Decrease) in provisions	53,892	12,000	7,078
Grants contributions for the development of assets	<u>(1,487,033)</u>	<u>(1,902,445)</u>	<u>(1,754,414)</u>
Net cash from operating activities	<u>1,143,268</u>	<u>3,313,612</u>	<u>3,171,540</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	50,000	50,000
Credit card balance at balance date	<u>(17,108)</u>	<u>(13,621)</u>
Total amount of credit unused	<u>32,892</u>	<u>36,379</u>
Loan facilities		
Loan facilities - current	159,277	153,152
Loan facilities - non-current	<u>1,098,709</u>	<u>1,257,985</u>
Total facilities in use at balance date	<u>1,257,986</u>	<u>1,411,137</u>
Unused loan facilities at balance date	<u>1,200,000</u>	<u>1,200,000</u>

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

15. CONTINGENT LIABILITIES

The Shire of Wiluna has in compliance with the Contaminated Sites Act 2003 section 11 listed sites to be possible sources of contamination:

- Former Power Station, Cnr Lennon and Wells Street

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with DER the need and criteria mediation, the Shire is unable to accurately quantify its clean-up liabilities for potential contaminated sites. The Shire is continuing to monitor the sites and will progressively undertake site investigations and mediation risk based approach. This approach is consistent with DER guidelines.

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date except for the restrictions imposed by regulations or other externally imposed requirement disclosed in Note 3.

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	0	10,200
General purpose funding	403,520	142,545
Law, order, public safety	163,617	177,195
Education and welfare	3,000	4,000
Housing	5,888,652	5,964,417
Community amenities	248,424	427,509
Recreation and culture	5,239,049	5,381,061
Transport	170,478,183	174,290,748
Economic services	996,220	542,391
Other property and services	4,886,548	5,149,432
Unallocated	11,221,277	10,570,866
	<u>199,528,490</u>	<u>202,660,364</u>

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

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	4.97	3.39	11.28
Asset sustainability ratio	0.20	0.47	1.80
Debt service cover ratio	9.25	9.14	9.74
Operating surplus ratio	(1.02)	(0.10)	(0.04)
Own source revenue coverage ratio	0.20	0.47	0.69

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 55 of this document.

Two of the 2016 and 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 \$236,854.

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	8.91	9.94
Operating surplus ratio	0.15	0.03

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

20. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Gym Keys Deposit/Housing Bond	10,304	6,123	(4,610)	11,817
	<u>10,304</u>			<u>11,817</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Transport								
Nissan Patrol 2014 EMTS Vehicle	0	0	0	0	45,549	40,000	0	(5,549)
CAT 950 Loader	0	0	0	0	60,583	20,000	0	(40,583)
Various Plant & Equipment	8,618	0	0	(8,618)	0	0	0	0
Other property and services								
Toyota Landcruiser 200 - CEO's vehicle	58,615	76,364	17,749	0	0	0	0	0
Toyota Landcruiser 200 - CEO's vehicle	71,129	73,636	2,507	0	0	0	0	0
	<u>138,362</u>	<u>150,000</u>	<u>20,256</u>	<u>(8,618)</u>	<u>106,132</u>	<u>60,000</u>	<u>0</u>	<u>(46,132)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture								
Wiluna Recreation Ground	415,040	0	45,045	45,045	369,996	369,995	12,562	15,994
Changerooms, Toilets & Kiosk								
Economic services								
Gunbarrel Hwy/Canning Stock	996,097	0	108,107	108,107	887,990	887,990	39,988	38,386
Route Heritage Interpretive Centre	1,411,137	0	153,152	153,152	1,257,985	1,257,985	52,550	54,380
	1,411,137	0	153,152	153,152	1,257,985	1,257,985	52,550	54,380

All other loan repayments were financed by general purpose revenue.

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

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 15	Borrowed During Year		Expended During Year		Balance 30 June 16
		\$	\$	\$	\$	\$	
Gunbarrel Hwy/Canning Stock Route Heritage Interpretive Centre		1,200,000	0	0	0	0	1,200,000
		1,200,000	0	0	0	0	1,200,000

(d) Overdraft

The Council has no overdraft facility and no overdraft has been utilised at 30 June 2016

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

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV Wiluna Townsite	8.0650	69	1,078,928	87,016	47,917	0	134,932	81,876	0	0	81,876
GRV Mining	15.5842	6	6,867,320	1,070,217	0	0	1,070,217	1,070,208	0	0	1,070,208
Unimproved value valuations											
UV Rural/Pastoral	10.73	27	1,209,951	129,818	0	0	129,818	129,822	0	0	129,822
UV Mining	14.48	201	11,504,081	1,665,791	0	0	1,665,791	1,665,117	0	0	1,665,117
UV Exploration & Prospecting Pastoral	21.40	221	1,851,477	396,186	0	0	396,186	390,607	0	0	390,607
Sub-Total		524	22,511,757	3,349,028	47,917	0	3,396,945	3,337,630	0	0	3,337,630
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV Wiluna Townsite	410	19	8,018	7,790	0	0	7,790	10,250	0	0	10,250
GRV Mining	310	3	60	930	0	0	930	930	0	0	930
Unimproved value valuations											
UV Rural/Pastoral	310	2	1,695	620	0	0	620	620	0	0	620
UV Mining	310	194	75,412	60,140	0	0	60,140	60,140	0	0	60,140
UV Exploration & Prospecting Pastoral	310	65	48,854	20,150	0	0	20,150	31,310	0	0	31,310
Sub-Total		283	134,039	89,630	0	0	89,630	103,250	0	0	103,250
Total amount raised from general rate		807	22,645,796	3,438,658	47,917	0	3,486,575	3,440,880	0	0	3,440,880

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

24. 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) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>7,337,561</u>	<u>7,278,600</u>	<u>7,278,600</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,909,735	4,304,061	4,304,061
Restricted	7,311,542	6,484,301	6,484,301
Receivables			
Rates outstanding	395,420	192,178	192,178
Sundry debtors	1,160,614	105,130	105,130
GST receivable	7,722	42,849	42,849
Provision for Bad Debts	(62,256)	(54,854)	(54,854)
Accrued Income	27,195	1,114,762	1,114,762
Inventories			
Fuel and materials	42,458	42,433	42,433
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(685,784)	(1,406,202)	(1,406,202)
Accrued interest on debentures	(15,060)	(21,457)	(21,457)
Accrued salaries and wages	(47,106)	(7,129)	(7,129)
ATO liabilities	0	(2,467)	(2,467)
Accrued Expenses	(84,215)	(4,484)	(4,484)
Rates with credit balances	(34,584)	(44,913)	(44,913)
Current portion of long term borrowings			
Secured by floating charge	(159,277)	(153,152)	(153,152)
Provisions			
Provision for annual leave	(91,968)	(52,548)	(52,548)
Provision for long service leave	(58,690)	(75,026)	(75,026)
Unadjusted net current assets	<u>11,615,746</u>	<u>10,463,482</u>	<u>10,463,482</u>
Adjustments			
Less: Reserves - restricted cash	(4,437,462)	(3,338,034)	(3,338,034)
Add: Secured by floating charge	159,277	153,152	153,152
Adjusted net current assets - surplus/(deficit)	<u>7,337,561</u>	<u>7,278,600</u>	<u>7,278,600</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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

25 DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR

No discount on rates is available.

26. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

Instalment Options
Option One
 Single full payment
Option Two
 First Instalment
 Second Instalment
 Third Instalment
 Fourth Instalment

Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
30-Oct-15			11.00%
30-Oct-15		5.50%	
08-Jan-16	10	5.50%	
07-Mar-16	10	5.50%	
04-May-16	10	5.50%	

Revenue \$	Budgeted Revenue \$
31,852	25,000
6,125	3,500
<u>37,977</u>	<u>28,500</u>

Interest on unpaid rates
 Interest on instalment plan

Charges on instalment plan

3,890	3,000
<u>3,890</u>	<u>3,000</u>

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

27. FEES & CHARGES	2016 \$	2015 \$
Governance	2	(3)
General purpose funding	68	136
Law, order, public safety	365	418
Health	191	401
Education and welfare	1,195	0
Community amenities	67,781	60,075
Recreation and culture	35,959	75,083
Transport	98,014	123,804
Economic services	12,696	25,877
Other property and services	2,669	9,762
	<u>218,940</u>	<u>295,553</u>

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

28. GRANT REVENUE

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

	2016 \$	2016 Budget \$	2015 \$
By Nature or Type:			
Operating grants, subsidies and contributions			
Governance	0	1,000	0
General purpose funding	1,213,364	1,241,529	3,667,365
Law, order, public safety	3,919	11,000	11,543
Recreation and culture	137,000	136,500	177,925
Transport	10,897,138	12,800,200	1,250,265
Other property and services	0	15,500	0
	<u>12,251,421</u>	<u>14,205,729</u>	<u>5,107,098</u>
Non-operating grants, subsidies and contributions			
Recreation and culture	0	73,500	0
Transport	1,487,033	1,411,529	336,998
Economic services	0	0	1,000,000
Other property and services	0	417,416	417,416
	<u>1,487,033</u>	<u>1,902,445</u>	<u>1,754,414</u>
	<u>13,738,454</u>	<u>16,108,174</u>	<u>6,861,512</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>18</u>	<u>21</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2016 \$	2016 Budget \$	2015 \$
Meeting Fees	61,476	71,000	59,905
President's allowance	16,000	16,000	11,330
Deputy President's allowance	4,000	4,000	3,090
Travelling expenses	10,254	7,152	16,853
Telecommunications allowance	7,812	8,750	7,968
	<u>99,542</u>	<u>106,902</u>	<u>99,146</u>

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

31. MAJOR LAND TRANSACTIONS

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	11,221,277	10,788,362	11,221,277	10,788,362
Receivables	1,528,695	1,400,065	1,528,695	1,400,065
	<u>12,749,972</u>	<u>12,188,427</u>	<u>12,749,972</u>	<u>12,188,427</u>
Financial liabilities				
Payables	866,749	1,486,652	866,749	1,486,652
Borrowings	1,257,986	1,411,137	1,345,987	1,411,137
	<u>2,124,735</u>	<u>2,897,789</u>	<u>2,212,736</u>	<u>2,897,789</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 WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

33. 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.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	112,213	107,884
- Statement of Comprehensive Income	112,213	107,884

Notes:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	4%
- Overdue	100%	96%
Percentage of other receivables		
- Current	95%	84%
- Overdue	5%	16%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	<u>2016</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	866,749	0	0	866,749	866,749
Borrowings	208,480	833,918	416,959	1,459,357	1,257,986
	<u>1,075,229</u>	<u>833,918</u>	<u>416,959</u>	<u>2,326,106</u>	<u>2,124,735</u>
	<u>2015</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	1,486,652	0	0	1,486,652	1,486,652
Borrowings	207,532	830,127	622,595	1,660,254	1,411,137
	<u>1,694,184</u>	<u>830,127</u>	<u>622,595</u>	<u>3,146,906</u>	<u>2,897,789</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debentures	159,276	165,647	172,272	179,161	186,326	395,303	1,257,985	3.96%
Weighted average Effective interest rate								
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	1,411,137	1,411,137	3.96%
Weighted average Effective interest rate								



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INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF SHIRE OF WILUNA

Report on the financial report

We have audited the financial report of Shire of Wiluna, which comprises the statement of financial position as at 30 June 2016 and the statements of comprehensive income, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, the summary of significant accounting policies and other explanatory notes and the statement by the Chief Executive Officer.

Chief Executive Officer's responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our audit has been conducted in accordance with Australian Auditing Standards. Those standards require that we comply with the 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

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We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Local Government Act 1995* Part 6, the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire of Wiluna's financial position and of its performance.

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 followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the financial report

In our opinion, the financial report of Shire of Wiluna:

- (i) Gives a true and fair view of the financial position of Shire of Wiluna as at 30 June 2016 and of its financial performance for the year ended on that date;
- (ii) Complies with the *Local Government Act 1995* Part 6 and the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (iii) In relation to the Supplementary Ratio Information presented in the financial report, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and reasonable assumptions.

Report on statutory compliance

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

A stylized, handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PTY LTD

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

D J WALL
Director

Perth, WA
Dated: 13 December 2016

**SHIRE OF WILUNA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH 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

	2016	2015	2014
Asset consumption ratio	0.78	0.80	0.73
Asset renewal funding ratio	0.94	0.86	0.86

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

