



Annual Report

2016/2017



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 2016 to 30 June 2017

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PRESIDENT'S REPORT

As always, another year has come and gone ever so quickly.

Post Local Govt elections, I would like to welcome two new Councillors, Crs Lena Long and Peter Grundy. I also welcome the appointment of Colin Bastow in October as Shire CEO. Stability is finally being accomplished within the Shire and this should lead to more confidence and better delivery of services and projects. I also welcome the appointment of Warren Olsen as DCEO and Angela Hoy as Executive Manager Technical Services..

Last year the Shire purchased the Club Hotel. Renovations are well under way with the refurbishment and by end June/July it should be completed. It will become the new Shire Admin and Community Centre, with additional office space.

In addition to the purchase of the Hotel, which also meant the preservation of one of the last few historic buildings of Wiluna, the caravan park is now back in the control of the Shire, and from herein will be redeveloped. It will allow for camping and accommodation and cater for temporary accommodation.

The Canning Stock Route/Gunbarrel Highway Interpretive Centre building is almost complete, with final fixtures being attended to and planning underway for interpretation fitout. The Tjukurba Art gallery opened last year and once fit out is complete, will be a first class Aboriginal Art Centre/Gallery.

Main Street Beautification is still underway with plans in final stages and work commencing mid year. The lack of progress has been frustrating to all, but once delivered will certainly enhance the appearance of the town and create pride for residents.

It was extremely disappointing, post State elections, that the funding promised for the completion of sealing the Goldfields Highway was withdrawn. This is the only unsealed section of highway in W.A. and needs prioritising and depoliticising if Governments are serious about "Closing The Gap", business development, safety, employment, tourism and productivity gain. Once delivered it will return millions to local, regional and state economy.

Once again I thank Government for the continuation of Roads to Recovery funding. These dollars are critical for Local Governments to maintain and improve local road networks which are the lifeline of any region. Wiluna has a continual roadworks programme with maintenance grading and reconstruction. Heavy rain events early in the year caused major flood damage and there will be substantial works undertaken under the WANDRRA programme.

In its last budget Council approved funding towards the TAFE operations managed by the Wiluna School. It appears to be delivering good results in regards to attendance and outcomes. Education is an essential to break poverty, welfare cycle and the follow on challenge is for Council to identify and facilitate business development to provide employment opportunity for locals.

Local Government seems to have more and more to deal with as each year goes by, and the support and delivery of equitable, efficient services by all agencies is essential to achieve good healthy outcomes and a prosperous and happy community.

I look forward to the next couple of years from a Local Government viewpoint. There is still a huge amount to be done and opportunity to be realised, and I hope all residents, agencies and businesses can work towards a common goal to achieve this.

I thank all Councillors and staff for their support, effort and dedication throughout the year, and trust the move into the new admin centre will make work happier and more efficient.

Cr Jim Quadrio
Shire President

CHIEF EXECUTIVE OFFICER'S REPORT

I was appointed to the position of Acting Chief Executive Officer for the Shire of Wiluna at the November 2016 Ordinary Council Meeting after arriving at the Shire as the Deputy Chief Executive Officer in October 2016. I had arrived in Wiluna after spending the past six years working for the Town/Shire of Narrogin in the roles of Director Corporate and Community Service with a nine-month stint as the Acting Chief Executive Officer.

Having worked the majority of my local government career in rural communities, I am very aware of the many challenges that rural communities face with regards to access to services that urban areas take for granted. Wiluna being more isolated than many other towns does provide for additional challenges due to its remoteness and isolation. However, it is very evident from the recent developments in Wiluna of the Ngangganawili Aboriginal Health Service' Medical Facility, Remote Community School Buildings, Water Treatment Plant and Power Station, that both the State and Federal Governments have invested heavily into the future of Wiluna although it was disappointing that the sixty million dollars set aside for the sealing of the Goldfields Highway were reallocated to other projects by the newly elected State Government. The sealing of the Goldfields Highway is still considered to be a very strategic project for the Shire and region.

I would like to thank the Shire Councillors and the Wiluna Community for their support during my time in the Chief Executive Officers position. Once the Shire improves its performance in several areas which includes governance, there will be a focus placed on improving community services such as recreation and leisure activities.

In recent times, the Shire had trouble in retaining key senior staff which resulted in the delay to a number of important projects. Fortunately, the renovation works on the Wiluna Heritage and Interpretation Centre (formerly known as the Shire's Administration Centre) was completed in the 2016/17 financial year, with the reopening of the Tjukurba Art Centre. However, there were delays in the delivering the additional staff housing due to the lack of available land. Minor planning works had been undertaken on the renovation of Wiluna's main street. The Shire had some procedural issue that delayed most of the planned road construction program. All major projects that had not been completed in 2016/17 financial year were included in the Shire's 2017/18 budget.

The Shire suffered substantial flood damage to its road network in January/February 2017 to the value of \$10.8m. Fortunately, the flooding was proclaimed an eligible disaster which entitles the Shire to apply for funding under the Western Australia Natural Disaster Relief and Recovery Arrangements (WANDRRA). Under WANDRRA the Shire must pay the first \$153k toward the repairing of the flood-damaged roads.

The Shire had pursued the opportunity that presented itself with the liquidation sale of the Club Hotel building and surrounding properties, which included the Wiluna caravan park. The renovation of the former Club Hotel will not only provide the Shire with a New Administration Centre on the main street, but also provide the community with an upstairs Function Centre. Planning is currently underway to significantly renovate the Wiluna Caravan Park, which has been closed for the past two years.

Colin Bastow
Chief Executive Officer

ELECTED MEMBERS

The Shire of Wiluna is comprised of 7 elected members. Each member has a term of 4 years. Of these elected positions, four are going to expire in 2019 and three in 2021.

Elected members until 2019:

Cr Stacey Petterson (Deputy President)
Cr. Graham Harris
Cr Caroline Thomas
Cr Norma Ward

Elected members until 2021:

Cr Jim Quadrio (President) (re-elected to Council in October 2017)
Cr Lena Long (elected to Council in October 2017)
Cr Peter Grundy (elected to Council in October 2017)

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 2018

| Date | Venue | Starting Time |
|-------------------|----------------------------------|---------------|
| 31 January 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 28 February 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 28 March 2018 | Old Council Chambers, H&I Centre | 3 pm |
| 2 May 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 23 May 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 27 June 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 25 July 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 22 August 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 26 September 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 24 October 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 28 November 2018 | Old Council Chambers, H&I Centre | 12 pm |
| 19 December 2018 | Old Council Chambers, H&I Centre | 12 pm |

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 first 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.

During 2017, the new Wiluna Disability Access and Inclusion Plan 2017-2022 was produced and, after a period of public consultation, the Plan was adopted by the Council at its June 2017 meeting.

The new plan is available:

- Electronically as a PDF document by download from the Shire's website <http://www.wiluna.wa.gov.au> or by email upon request from admin@wiluna.wa.gov.au
- In hard copy format from the Shire Office, in either standard or large print
- As an audio (MP3) file by email or on CD-ROM

In accordance with the plan, Council agendas and minutes are also available (upon request) in the formats described above.

Schedule 3 of the Disability Services Regulations 2004 specifies seven 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.
7. People with disability have the same opportunities as other people to obtain and maintain employment with 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 2016/2017 progress report was submitted to the Disability Service Commission in July 2017.

Records Management and State Records Act 2000

A new Shire of Wiluna Record Keeping Plan was drawn up in 2016 and presented to the State Records Commission for approval. At its meeting on 24 October 2017 the State Records Commission approved the amended Recordkeeping Plan. In accordance with section 28 of the *State Records Act 2000*, the Plan for the Shire is to be reviewed within five years of its approval date. Once completed, a report of the review must be submitted to the State Records Office by **24 October 2022**.

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 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.

A new, efficient electronic data management and retrieval system will be implemented in 2018.

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. However, the plans do need to be updated to include the list of Strategic Projects that had been reviewed by the local community and endorsed by Council.

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:

-) Renovation of Wiluna Heritage and Interpretative Centre,

-) Capital road works- Rural Road, and
-) Purchase (Changeover) of plant and equipment.

The following major projects that are proposed to continue or commence in 2017/18:

-) Ongoing Renovation of Wiluna Heritage and Interpretative Centre,
-) Capital road works- Rural Road,
-) Purchase (Changeover) of plant and equipment,
-) New Administration Centre,
-) Main Street Revitalisation, and
-) Construction of Additional Staff Housing.

The Shire has engaged the services of Moore Stephens to help with the updating of the Shire's Integrated planning and reporting plans in 2017/18. The following plans will be updated:

-) Community Strategic Plan,
-) Corporate Business Plan,
-) Workforce Plan,
-) Asset Management Plan, and
-) Long Term Financial Plan.

Community consultation will begin in March 2018, so the Shire is in a position to upgrade the above plans.

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 two employees with an annual salary exceeding \$100,000, within the \$100,000 and \$110,000 band and two employees with an annual salary exceeding \$200,000, within the \$200,000 and \$210,000 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.

| | |
|---|-------------|
|) Personal information about the applicant | No fee |
|) Application fee (for non personal information) | \$30.00 |
|) Charge for time dealing with the application (per hour, or pro rata) | \$30.00 |
|) Access time supervised by staff (per hour, or pro rata) | \$30.00 |
|) Photocopying staff time (per hour, or pro rata) | \$30.00 |
|) Per photocopy | \$0.20 |
|) Transcribing from tape, film or computer (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 2016/2017.

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 2017, the Shire of Wiluna had no complaints of this nature to disclose.

ANNUAL FINANCIAL REPORT

FOR YEAR ENDED 30TH JUNE 2017



SHIRE OF WILUNA

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
Address:
Unit 5, 30 Scotia Street
Wiluna WA 6646

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

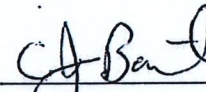
Signed as authorisation of issue on the

2nd

day of

March

2018



Colin Bastow
Chief Executive Officer

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

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|--|------|--------------------|----------------------|--------------------|
| Revenue | | | | |
| Rates | 22 | 3,710,948 | 3,702,061 | 3,486,575 |
| Operating grants, subsidies and contributions | 29 | 4,129,147 | 2,773,129 | 12,251,421 |
| Fees and charges | 28 | 734,557 | 260,308 | 218,940 |
| Interest earnings | 2(a) | 253,084 | 187,000 | 205,948 |
| Other revenue | 2(a) | 93,600 | 75,400 | 97,205 |
| | | 8,921,336 | 6,997,898 | 16,260,089 |
| Expenses | | | | |
| Employee costs | | (1,618,661) | (2,269,503) | (1,315,889) |
| Materials and contracts | | (2,334,608) | (2,616,333) | (12,565,017) |
| Utility charges | | (135,714) | (175,895) | (148,832) |
| Depreciation on non-current assets | 2(a) | (2,727,092) | (6,487,050) | (5,947,104) |
| Interest expenses | 2(a) | (84,235) | (36,948) | (54,550) |
| Insurance expenses | | (202,928) | (214,894) | (212,415) |
| Other expenditure | | (373,293) | (11,500) | (127,452) |
| | | (7,476,531) | (11,812,123) | (20,371,259) |
| | | 1,444,805 | (4,814,225) | (4,111,170) |
| Non-operating grants, subsidies and contributions | 29 | 513,903 | 2,150,314 | 1,487,033 |
| Profit on asset disposals | 20 | 42,737 | 16,056 | 20,256 |
| (Loss) on asset disposals | 20 | 0 | (14,716) | (8,618) |
| Fair value adjustments to fixed assets through profit and loss (loss on revaluation) | | 0 | (50,000) | 0 |
| Net result | | 2,001,445 | (2,712,571) | (2,612,499) |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 12 | (2,124,234) | 0 | 370,292 |
| Total other comprehensive income | | (2,124,234) | 0 | 370,292 |
| Total comprehensive income | | (122,789) | (2,712,571) | (2,242,207) |

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 2017

| | NOTE | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|---|------|--------------------|----------------------|---------------------|
| Revenue | 2(a) | | | |
| Governance | | 63 | 500 | 391 |
| General purpose funding | | 7,766,596 | 6,361,628 | 4,915,502 |
| Law, order, public safety | | 9,780 | 7,122 | 4,284 |
| Health | | 763 | 0 | 191 |
| Education and welfare | | 0 | 150 | 1,195 |
| Housing | | 3,588 | 500 | 1,480 |
| Community amenities | | 72,093 | 78,930 | 67,781 |
| Recreation and culture | | 219,523 | 248,400 | 190,094 |
| Transport | | 806,953 | 249,360 | 11,011,673 |
| Economic services | | 15,575 | 15,550 | 12,696 |
| Other property and services | | 26,402 | 35,758 | 54,802 |
| | | <u>8,921,336</u> | <u>6,997,898</u> | <u>16,260,089</u> |
| Expenses | 2(a) | | | |
| Governance | | (1,205,421) | (1,421,595) | (976,928) |
| General purpose funding | | (520,256) | (236,334) | (206,093) |
| Law, order, public safety | | (113,771) | (214,867) | (129,307) |
| Health | | (85,762) | (100,003) | (74,462) |
| Education and welfare | | (15,606) | (255,402) | (56,620) |
| Housing | | (154,000) | 0 | 0 |
| Community amenities | | (519,723) | (510,624) | (565,470) |
| Recreation and culture | | (957,421) | (1,463,879) | (1,100,370) |
| Transport | | (3,571,846) | (7,133,025) | (16,971,466) |
| Economic services | | (271,035) | (430,876) | (231,354) |
| Other property and services | | 21,773 | (8,570) | (4,639) |
| | | <u>(7,393,068)</u> | <u>(11,775,175)</u> | <u>(20,316,709)</u> |
| Finance costs | 2(a) | | | |
| Governance | | 0 | (3,230) | 0 |
| Recreation and culture | | (27,442) | (9,918) | (12,562) |
| Economic services | | (56,021) | (23,800) | (39,988) |
| | | <u>(83,463)</u> | <u>(36,948)</u> | <u>(52,550)</u> |
| | | <u>1,444,805</u> | <u>(4,814,225)</u> | <u>(4,109,170)</u> |
| Non-operating grants, subsidies and contributions | 29 | 513,903 | 2,150,314 | 1,487,033 |
| Profit on disposal of assets | 20 | 42,737 | 16,056 | 20,256 |
| (Loss) on disposal of assets | 20 | 0 | (14,716) | (8,618) |
| Reversal of prior year loss on revaluation of Infrastructure - User defined 5 | 7(b) | 0 | (50,000) | 0 |
| Net result | | <u>2,001,445</u> | <u>(2,712,571)</u> | <u>(2,610,499)</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 12 | (2,124,234) | 0 | 370,292 |
| Total other comprehensive income | | <u>(2,124,234)</u> | <u>0</u> | <u>370,292</u> |
| Total comprehensive income | | <u>(122,789)</u> | <u>(2,712,571)</u> | <u>(2,240,207)</u> |

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

SHIRE OF WILUNA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

| | NOTE | 2017 \$ | 2016 \$ |
|---|------|---------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 12,914,669 | 11,221,277 |
| Trade and other receivables | 4 | 515,595 | 1,528,695 |
| Inventories | 5 | 10,861 | 42,458 |
| TOTAL CURRENT ASSETS | | 13,441,125 | 12,792,430 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 15,731,407 | 15,681,739 |
| Infrastructure | 7 | 169,675,555 | 171,054,321 |
| TOTAL NON-CURRENT ASSETS | | 185,406,962 | 186,736,060 |
| TOTAL ASSETS | | 198,848,087 | 199,528,490 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 516,697 | 866,749 |
| Current portion of long term borrowings | 9 | 165,647 | 159,277 |
| Provisions | 10 | 110,649 | 150,658 |
| TOTAL CURRENT LIABILITIES | | 792,993 | 1,176,684 |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | 9 | 933,062 | 1,098,709 |
| Provisions | 10 | 34,625 | 42,900 |
| TOTAL NON-CURRENT LIABILITIES | | 967,687 | 1,141,609 |
| TOTAL LIABILITIES | | 1,760,679.70 | 2,318,293 |
| NET ASSETS | | 197,087,408 | 197,210,197 |
| EQUITY | | | |
| Retained surplus | | 22,683,088 | 22,810,095 |
| Reserves - cash backed | 11 | 6,565,913 | 4,437,461 |
| Revaluation surplus | 12 | 167,838,407 | 169,962,640 |
| TOTAL EQUITY | | 197,087,408 | 197,210,196 |

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 2017**

| | NOTE | RESERVES | | | TOTAL EQUITY |
|-----------------------------------|------|-------------------|------------------|--------------------|--------------------|
| | | RETAINED | CASH | REVALUATION | |
| | | SURPLUS | BACKED | SURPLUS | |
| | | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2016 | | 26,520,021 | 3,338,034 | 169,592,349 | 199,450,405 |
| Comprehensive income | | | | | |
| Net result | | (2,610,499) | 0 | 0 | (2,610,499) |
| Changes on revaluation of assets | 12 | 0 | 0 | 370,292 | 370,292 |
| Total comprehensive income | | (2,610,499) | 0 | 370,292 | (2,240,207) |
| Transfers from/(to) reserves | | (1,099,427) | 1,099,427 | 0 | 0 |
| Balance as at 30 June 2016 | | 22,810,095 | 4,437,461 | 169,962,641 | 197,210,198 |
| Comprehensive income | | | | | |
| Net result | | 2,001,445 | 0 | 0 | 2,001,445 |
| Changes on revaluation of assets | 12 | 0 | 0 | (2,124,234) | (2,124,234) |
| Total comprehensive income | | 2,001,445 | 0 | (2,124,234) | (122,789) |
| Transfers from/(to) reserves | | (2,128,452) | 2,128,452 | 0 | 0 |
| Balance as at 30 June 2017 | | 22,683,088 | 6,565,913 | 167,838,407 | 197,087,408 |

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 2017

| | NOTE | 2017 | 2017 | 2016 |
|---|-------|--------------------|--------------------|---------------------|
| | | Actual | Budget | Actual |
| | | \$ | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 3,986,606 | 3,702,061 | 3,283,333 |
| Operating grants, subsidies and contributions | | 5,016,151 | 3,773,129 | 12,269,807 |
| Fees and charges | | 734,557 | 260,308 | 218,940 |
| Interest earnings | | 253,084 | 187,000 | 227,047 |
| Goods and services tax | | (87,306) | 0 | 0 |
| Other revenue | | 93,600 | 75,400 | 97,205 |
| | | <u>9,996,692</u> | <u>7,997,898</u> | <u>16,096,332</u> |
| Payments | | | | |
| Employee costs | | (1,677,988) | (2,269,503) | (1,224,487) |
| Materials and contracts | | (2,668,846) | (2,616,333) | (13,216,058) |
| Utility charges | | (135,714) | (175,895) | (148,832) |
| Interest expenses | | (57,410) | (36,948) | (58,947) |
| Insurance expenses | | (202,928) | (214,894) | (212,415) |
| Goods and services tax | | 0 | 0 | 35,127 |
| Other expenditure | | (373,293) | (11,500) | (127,452) |
| | | <u>(5,116,179)</u> | <u>(5,325,073)</u> | <u>(14,953,064)</u> |
| Net cash provided by (used in) | | | | |
| operating activities | 13(b) | 4,880,514 | 2,672,825 | 1,143,268 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of | | | | |
| property, plant & equipment | | (2,971,682) | (9,273,800) | (311,606) |
| Payments for construction of | | | | |
| infrastructure | | (710,536) | (2,671,094) | (1,443,225) |
| Payments for Work in Progress | | 0 | 0 | (439,403) |
| Non-operating grants, subsidies and contributions | | 513,903 | 2,150,315 | 1,487,033 |
| Proceeds from sale of fixed assets | | 202,727 | 660,000 | 150,000 |
| Net cash provided by (used in) | | | | |
| investment activities | | <u>(2,965,588)</u> | <u>(9,134,579)</u> | <u>(557,201)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of debentures | | (159,277) | (159,277) | (153,152) |
| Proceeds from self supporting loans | | (62,256) | 0 | 0 |
| Proceeds from new debentures | | 0 | 1,000,000 | 0 |
| Net cash provided by (used in) | | | | |
| financing activities | | <u>(221,533)</u> | <u>840,723</u> | <u>(153,152)</u> |
| Net increase (decrease) in cash held | | 1,693,393 | (5,621,031) | 432,915 |
| Cash at beginning of year | | 11,221,277 | 11,221,277 | 10,788,362 |
| Cash and cash equivalents | | | | |
| at the end of the year | 13(a) | <u>12,914,670</u> | <u>5,600,246</u> | <u>11,221,277</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 2017**

| | NOTE | 2017 Actual \$ | 2017 Budget \$ | 2016 Actual \$ |
|--|-------|-------------------------|----------------------|-------------------------|
| Net current assets at start of financial year - surplus/(deficit) | | <u>7,337,562</u> | <u>7,279,585</u> | <u>7,278,600</u> |
| | | 7,337,562 | 7,279,585 | 7,278,600 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 63 | 500 | 391 |
| General purpose funding | | 4,055,674 | 2,659,567 | 1,428,927 |
| Law, order, public safety | | 9,780 | 7,122 | 4,284 |
| Health | | 763 | 0 | 191 |
| Education and welfare | | 0 | 150 | 1,195 |
| Housing | | 3,588 | 500 | 1,480 |
| Community amenities | | 72,093 | 78,930 | 67,781 |
| Recreation and culture | | 219,523 | 248,400 | 190,094 |
| Transport | | 813,941 | 249,360 | 11,011,673 |
| Economic services | | 15,575 | 15,550 | 12,696 |
| Other property and services | | <u>62,151</u> | <u>49,577</u> | <u>75,058</u> |
| | | 5,253,151 | 3,309,656 | 12,793,770 |
| Expenditure from operating activities | | | | |
| Governance | | (1,205,421) | (1,424,825) | (976,928) |
| General purpose funding | | (520,256) | (236,334) | (206,093) |
| Law, order, public safety | | (113,771) | (214,867) | (129,307) |
| Health | | (85,762) | (100,003) | (74,462) |
| Education and welfare | | (15,606) | (255,402) | (56,620) |
| Housing | | (154,000) | 0 | 0 |
| Community amenities | | (519,723) | (510,624) | (565,470) |
| Recreation and culture | | (984,863) | (1,473,797) | (1,125,493) |
| Transport | | (3,571,846) | (7,145,504) | (16,967,523) |
| Economic services | | (327,055) | (454,676) | (271,342) |
| Other property and services | | <u>21,746</u> | <u>(8,570)</u> | <u>(4,639)</u> |
| | | (7,476,557) | (11,824,602) | (20,377,877) |
| Operating activities excluded from budget | | | | |
| (Profit) on disposal of assets | 20 | (42,737) | (16,056) | (20,256) |
| Loss on disposal of assets | 20 | 0 | 14,716 | 8,618 |
| Movement in employee benefit provisions (non-current) | | (8,275) | 0 | 30,809 |
| Depreciation and amortisation on assets | 2(a) | <u>2,727,092</u> | <u>6,487,050</u> | <u>5,947,104</u> |
| Amount attributable to operating activities | | 7,790,236 | 5,250,349 | 5,660,768 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 513,903 | 2,150,314 | 1,487,033 |
| Proceeds from disposal of assets | 20 | 202,727 | 660,000 | 150,000 |
| Purchase of property, plant and equipment | 6(b) | (2,971,682) | (9,273,800) | (741,374) |
| Purchase and construction of infrastructure | 7(b) | <u>(710,536)</u> | <u>(2,671,093)</u> | <u>(1,452,860)</u> |
| Amount attributable to investing activities | | (2,965,588) | (9,134,579) | (557,201) |
| FINANCING ACTIVITIES | | | | |
| Repayment of debentures | 21(a) | (159,277) | (159,277) | (153,152) |
| Proceeds from new debentures | 21(a) | 0 | 1,000,000 | 0 |
| Transfers to reserves (restricted assets) | 11 | (2,128,452) | (1,225,000) | (1,099,428) |
| Transfers from reserves (restricted assets) | 11 | <u>0</u> | <u>566,446</u> | <u>0</u> |
| Amount attributable to financing activities | | (2,287,729) | 182,169 | (1,252,580) |
| Surplus(deficiency) before general rates | | <u>2,536,919</u> | <u>(3,702,061)</u> | <u>3,850,987</u> |
| Total amount raised from general rates | 22 | <u>3,710,948</u> | <u>3,702,061</u> | <u>3,486,575</u> |
| Net current assets at June 30 c/fwd - surplus/(deficit) | 23 | <u><u>6,247,867</u></u> | <u><u>0</u></u> | <u><u>7,337,562</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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

(a) Goods and Services Tax (GST)

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

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

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

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

(b) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

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

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

| | |
|--|-----------------|
| Buildings | 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 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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 threshold are included as an operational cost and recorded in the asset inventory system.

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

(i) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(k) Borrowing Costs

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

(l) Provisions

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

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

(m) Leases

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

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

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

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

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

(o) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(q) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

| | 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 2019 | <p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p> |
| (iii) | AASB 16 Leases | February 2016 | 1 January 2019 | <p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p> |

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

| | |
|--|---|
| <p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p> | <p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p> |
|--|---|

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

2. REVENUE AND EXPENSES

2017
\$

2016
\$

(a) Net Result

The Net result includes:

(i) Charging as an expense:

Auditors remuneration

| | | |
|--|---------------|---------------|
| - Audit of the Annual Financial Report | 32,513 | 26,411 |
| - Acquittal audit and other services | 19,416 | 5,826 |
| | <u>51,929</u> | <u>32,237</u> |

Depreciation

| | | |
|-----------------------------|------------------|------------------|
| Buildings - non-specialised | 301,250 | 299,147 |
| Furniture and equipment | 44,896 | 43,584 |
| Plant and equipment | 291,644 | 319,114 |
| Infrastructure - Roads | 1,893,992 | 5,094,208 |
| Infrastructure - Airport | 141,436 | 138,421 |
| Infrastructure - Other | 53,874 | 52,630 |
| | <u>2,727,092</u> | <u>5,947,104</u> |

Interest expenses (finance costs)

| | | |
|--------------------------------|---------------|---------------|
| Debentures (refer Note 21 (a)) | 83,464 | 52,550 |
| Municipal Bank Interest | 772 | 2,000 |
| | <u>84,235</u> | <u>54,550</u> |

(ii) Crediting as revenue:

Other revenue

| | | |
|-------------------------------|---------------|---------------|
| Reimbursements and recoveries | 90,626 | 89,113 |
| Other | 2,974 | 8,092 |
| | <u>93,600</u> | <u>97,205</u> |

2017
Actual
\$

2017
Budget
\$

2016
Actual
\$

Interest earnings

| | | | |
|--|----------------|----------------|----------------|
| - Reserve funds | 137,804 | 99,500 | 103,772 |
| - Other funds | 84,687 | 50,500 | 64,199 |
| Other interest revenue (refer note 27) | 30,593 | 37,000 | 37,977 |
| | <u>253,084</u> | <u>187,000</u> | <u>205,948</u> |

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire 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 of 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 2017

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 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| Grant/Contribution | Opening Balance ⁽¹⁾ 1/07/15 \$ | Received ⁽²⁾ 2015/16 \$ | Expended ⁽³⁾ 2015/16 \$ | Closing Balance ⁽¹⁾ 30/06/16 \$ | Received ⁽²⁾ 2016/17 \$ | Expended ⁽³⁾ 2016/17 \$ | Closing Balance 30/06/17 \$ |
|---|--|--|--|---|--|--|--------------------------------------|
| Law, order, public safety | | | | | | | |
| Emergency Services - Operational Grant | 16,118 | 3,919 | (11,002) | 9,035 | 9,570 | (18,605) | 0 |
| Recreation and culture | | | | | | | |
| Dept of Art - Art Gallery Operation Grant | 32,172 | 100,000 | (90,649) | 41,523 | 135,000 | (96,621) | 79,902 |
| Dept of Sports and Recreation Swimming Pool Funding | 0 | 32,000 | 0 | 32,000 | 32,000 | (64,000) | 0 |
| Dept of Sports and Recreation | 0 | 0 | 0 | 0 | 14,700 | (14,700) | 0 |
| Dept of Art - Art Gallery Fit Out | 0 | 0 | 0 | 0 | 79,827 | (79,827) | 0 |
| Transport | | | | | | | |
| Main Roads WA - Regional Road Group | 0 | 149,685 | (149,685) | 0 | 240,000 | (197,126) | 42,874 |
| Federal Government Roads to Recovery | 0 | 1,089,348 | (815,714) | 273,634 | 0 | (117,345) | 156,289 |
| Regional Airport Development Scheme | 0 | 29,604 | (29,604) | 0 | 0 | 0 | 0 |
| Regional Airport Development Scheme | 0 | 185,000 | (185,000) | 0 | 0 | 0 | 0 |
| Remote Communities - FAGS | 18,000 | 36,000 | (54,000) | 0 | 18,604 | 0 | 18,604 |
| Remote Aboriginal Communities | 18,000 | 27,000 | (45,000) | 0 | 3,698 | 0 | 3,698 |
| Main Roads WA - Direct Grant Funds | 0 | 0 | 0 | 0 | 190,236 | (190,236) | 0 |
| Economic services | | | | | | | |
| Department of Local Government - CLGF | 982,458 | 0 | (350,857) | 631,601 | 0 | (60,849) | 570,752 |
| Department of Local Government - CLGF | 393,357 | 0 | (198,231) | 195,126 | 0 | (195,126) | 0 |
| Department of Local Government - CLGF | 417,416 | 0 | 0 | 417,416 | 0 | (417,416) | 0 |
| AED | 14,994 | 0 | 0 | 14,994 | 0 | (14,994) | 0 |
| Wiluna Development Programme | 53,752 | 0 | 0 | 53,752 | 0 | (53,752) | 0 |
| Dept of Culture & Arts-Future Focus for | 0 | 5,000 | 0 | 5,000 | 0 | (5,000) | 0 |
| Total | 1,946,267 | 1,657,556 | (1,929,742) | 1,674,081 | 723,635 | (1,525,597) | 872,119 |

Notes:

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

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

| | Note | 2017 \$ | 2016 \$ |
|---|-------|--------------------|--------------------|
| 3. CASH AND CASH EQUIVALENTS | | | |
| Unrestricted | | 6,348,756 | 3,909,735 |
| Restricted | | 6,565,913 | 7,311,542 |
| | | <u>12,914,669</u> | <u>11,221,277</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Leave reserve | 11 | 174,988 | 72,893 |
| Asset Replacement reserve | 11 | 4,238,321 | 3,163,590 |
| Airport Reserve | 11 | 1,115,414 | 1,084,261 |
| Reserve - Computer | 11 | 103,770 | 100,872 |
| Reserve - Wiluna Telecentre | 11 | 16,301 | 15,846 |
| Reserve - Caravan Park | 11 | 45,000 | 0 |
| Reserve - Heritage and Interpretive Centre | 2(c) | 570,752 | 0 |
| Reserve - Unspent Grants and Contributions | 2(c) | 301,367 | 0 |
| Unspent Grants and Contributions | | 0 | 1,674,081 |
| Unspent loans | 21(c) | 0 | 1,200,000 |
| | | <u>6,565,913</u> | <u>7,311,543</u> |
| | | 2017 \$ | 2016 \$ |

4. TRADE AND OTHER RECEIVABLES

| | | | |
|-------------------------|--|----------------|------------------|
| Current | | | |
| Rates outstanding | | 119,762 | 395,420 |
| Sundry debtors | | 257,924 | 1,160,614 |
| GST receivable | | 95,028 | 7,722 |
| Provision for Bad Debts | | 0 | (62,256) |
| Accrued Income | | 42,881 | 27,195 |
| | | <u>515,595</u> | <u>1,528,695</u> |

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

| | | |
|--------------------------|----------------|------------------|
| Rates outstanding | <u>119,762</u> | <u>395,420</u> |
| Includes: | | |
| 0 to 3 months overdue | 18,239 | 6,455 |
| 3 to 6 months overdue | 0 | 53,105 |
| Over 6 months | <u>101,523</u> | <u>335,860</u> |
| Sundry debtors | <u>257,924</u> | <u>1,160,614</u> |
| Includes: | | |
| 0 to 3 months overdue | 207,416 | 1,111,664 |
| 3 to 6 months overdue | 236 | 275 |
| Over 6 months | <u>50,272</u> | <u>48,675</u> |

5. INVENTORIES

| | | | |
|--------------------|--|---------------|---------------|
| Current | | | |
| Fuel and materials | | 10,861 | 42,458 |
| | | <u>10,861</u> | <u>42,458</u> |

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

| | 2017 \$ | 2016 \$ |
|--|-------------------|-------------------|
| 6 (a). PROPERTY, PLANT AND EQUIPMENT | | |
| Land | | |
| - Independent valuation 2014 - level 2 | 0 | 390,000 |
| - Griffin Valuation Advisory valuation 2017 - level 2 | 335,000 | 0 |
| | <u>335,000</u> | <u>390,000</u> |
| | <u>335,000</u> | <u>390,000</u> |
| Buildings - non-specialised at: | | |
| - Independent valuation 2014 - level 3 | 0 | 13,056,993 |
| - Griffin Valuation Advisory valuation 2017 - level 2 | 10,075,300 | 0 |
| - Additions after valuation - cost | 3,171,817 | 81,415 |
| Buildings - non-specialised - Less: accumulated depreciation | 0 | (692,624) |
| | <u>13,247,117</u> | <u>12,445,784</u> |
| Total land and buildings | <u>13,582,117</u> | <u>12,835,784</u> |
| Plant and equipment at: | | |
| - Griffin Valuation Advisory valuation 2016 - level 2 | 1,920,773 | 2,053,250 |
| - Additions after valuation - cost | 321,668 | 0 |
| Plant and equipment - Less: accumulated depreciation | (234,006) | 0 |
| | <u>2,008,435</u> | <u>2,053,250</u> |
| Furniture and equipment at: | | |
| - Management valuation 2016 - level 2 | 132,620 | 132,620 |
| - Independent valuation 2016 - level 3 | 43,750 | 43,750 |
| - Additions after valuation - cost | 9,381 | 0 |
| Furniture and equipment Less: accumulated depreciation | (44,896) | 0 |
| | <u>140,855</u> | <u>176,370</u> |
| Total Plant, Furniture and equipment | <u>2,149,290</u> | <u>2,229,620</u> |
| Work in Progress - Building at: | | |
| - at Cost | 0 | 186,567 |
| - Additions after valuation - cost | 0 | 429,768 |
| | <u>0</u> | <u>616,335</u> |
| | <u>15,731,407</u> | <u>15,681,739</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 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

| | Balance at the Beginning of the Year \$ | Additions \$ | (Disposals) \$ | Revaluation Increments/ (Decrements) Transferred to Revaluation \$ | Revaluation (Losses)/ Reversals Through to Profit or Loss \$ | Impairment (Losses)/ Reversals \$ | Depreciation (Expense) \$ | Carrying Amount at the End of Year \$ |
|--|---|------------------|-------------------|--|--|--|---------------------------------|---|
| Land - freehold land | 390,000 | 0 | 0 | (55,000) | 0 | 0 | 0 | 335,000 |
| Total land | 390,000 | 0 | 0 | (55,000) | 0 | 0 | 0 | 335,000 |
| Buildings - non-specialised | 12,445,784 | 3,171,817 | 0 | (2,069,234) | 0 | 0 | (301,250) | 13,247,117 |
| Total buildings | 12,445,784 | 3,171,817 | 0 | (2,069,234) | 0 | 0 | (301,250) | 13,247,117 |
| Total land and buildings | 12,835,784 | 3,171,817 | 0 | (2,124,234) | 0 | 0 | (301,250) | 13,582,117 |
| Furniture and equipment | 176,370 | 9,381 | 0 | 0 | 0 | 0 | (44,896) | 140,855 |
| Plant and equipment | 2,053,250 | 406,819 | (217,629) | 0 | 0 | 0 | (234,005) | 2,008,435 |
| Work in Progress - Building | 616,335 | (616,335) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total property, plant and equipment | 15,681,739 | 2,971,682 | (217,629) | (2,124,234) | 0 | 0 | (580,151) | 15,731,407 |

SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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 | | | | | |
| Land - freehold land | Level 2 | Sales Comparison Approach/Cost Approach | Market Value | June 2017 | Market sales evidence available at the date of valuation; specific valuation comments |
| Land - leasehold Interest | Level 3 | Sales Comparison Approach/Cost Approach (Net Valuation Approach) | Fair Value | June 2017 | Market sales evidence available at the date of valuation ; specific valuation comments |
| Land - vested in and under the control of Council | | | | | |
| Buildings - non-specialised | Level 3 | Sales Comparison Approach/Cost Approach (Net Valuation Approach) | Fair Value | June 2017 | 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 market value of similar assets. |
| - Management valuation | Level 3 | Market approach (Net Valuation Approach) | Market Value | June 2016 | Comparison with market value of similar assets; |
| Plant and equipment | | | | | |
| - Management valuation | Level 2 | Market approach (Net Valuation Approach) | Market Value | June 2013 | Comparison with market value of similar assets. |
| - 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 |
| Work in Progress - Building | | | | | |

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
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| | 2017 | 2016 |
|---|---------------------|---------------------|
| | \$ | \$ |
| 7 (a). INFRASTRUCTURE | | |
| Infrastructure - Roads | | |
| - Management valuation 2015 - level 2 | 217,884,131 | 217,884,131 |
| - Additions after valuation - cost | 1,474,782 | 1,115,427 |
| Infrastructure - Roads - Less: accumulated depreciation | <u>(54,539,208)</u> | <u>(52,645,216)</u> |
| | 164,819,705 | 166,354,342 |
| Infrastructure - Airport | | |
| - Management valuation 2015 - level 2 | 3,279,750 | 3,279,750 |
| - Additions after valuation - cost | 649,579 | 298,398 |
| Infrastructure - Airport - Less: accumulated depreciation | <u>(279,857)</u> | <u>(138,421)</u> |
| | 3,649,472 | 3,439,727 |
| Infrastructure - Other | | |
| - Management valuation 2015 - level 2 | 1,242,850 | 1,242,850 |
| - Additions after valuation - cost | 70,032 | 29,400 |
| Infrastructure - Other- Less: accumulated depreciation | <u>(106,504)</u> | <u>(52,630)</u> |
| | 1,206,378 | 1,219,620 |
| Work in Progress - Infrastructure | | |
| - at Cost | <u>0</u> | <u>40,632</u> |
| | 0 | 40,632 |
| | <u>169,675,555</u> | <u>171,054,321</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
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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) | Carrying Amount at the End of the Year |
|-----------------------------------|--|----------------|-------------|--|---|--------------------------------------|---------------------------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Infrastructure - Roads | 166,354,342 | 359,355 | 0 | 0 | 0 | 0 | (1,893,992) | 164,819,705 |
| Infrastructure - Airport | 3,439,727 | 351,181 | 0 | 0 | 0 | 0 | (141,436) | 3,649,472 |
| Infrastructure - Other | 1,219,620 | 40,632 | 0 | 0 | 0 | 0 | (53,874) | 1,206,378 |
| Work in Progress - Infrastructure | 40,632 | (40,632) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total infrastructure | 171,054,321 | 710,536 | 0 | 0 | 0 | 0 | (2,089,302) | 169,675,555 |

SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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) | Condition based valuation | June 2015 | Condition 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
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| | 2017 | 2016 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry creditors | 262,159 | 685,784 |
| Accrued interest on debentures | 41,886 | 15,060 |
| Accrued salaries and wages | 0 | 47,106 |
| ATO liabilities | 36,063 | 0 |
| Accrued Expenses | 142,005 | 84,215 |
| Rates with credit balances | 34,584 | 34,584 |
| | <u>516,697</u> | <u>866,749</u> |

9. LONG-TERM BORROWINGS

| | | |
|----------------------------|----------------|------------------|
| Current | | |
| Secured by floating charge | | |
| Debentures | <u>165,647</u> | <u>159,277</u> |
| | <u>165,647</u> | <u>159,277</u> |
| Non-current | | |
| Secured by floating charge | | |
| Debentures | <u>933,062</u> | <u>1,098,709</u> |
| | <u>933,062</u> | <u>1,098,709</u> |

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|--------------------------------|--|--|----------------|
| Opening balance at 1 July 2016 | | | |
| Current provisions | 91,968 | 58,690 | 150,658 |
| Non-current provisions | 0 | 42,900 | 42,900 |
| | <u>91,968</u> | <u>101,590</u> | <u>193,558</u> |
| Additional provision | (5,891) | (42,393) | (48,284) |
| Balance at 30 June 2017 | <u>86,077</u> | <u>59,197</u> | <u>145,274</u> |
| Comprises | | | |
| Current | 86,077 | 24,572 | 110,649 |
| Non-current | 0 | 34,625 | 34,625 |
| | <u>86,077</u> | <u>59,197</u> | <u>145,274</u> |

SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. RESERVES - CASH BACKED

| | Actual 2017 Opening Balance \$ | Actual 2017 Transfer to \$ | Actual 2017 Transfer (from) \$ | Actual 2017 Closing Balance \$ | Budget 2017 Opening Balance \$ | Budget 2017 Transfer to \$ | Budget 2017 Transfer (from) \$ | Budget 2017 Closing Balance \$ | Actual 2016 Opening Balance \$ | Actual 2016 Transfer to \$ | Actual 2016 Transfer (from) \$ | Actual 2016 Closing Balance \$ |
|--|--|-------------------------------------|--|--|--|-------------------------------------|--|--|--|-------------------------------------|--|--|
| Leave reserve | 72,893 | 102,094 | 0 | 174,987 | 72,894 | 122,900 | 0 | 195,794 | 70,159 | 2,734 | 0 | 72,893 |
| Asset Replacement reserve | 3,163,590 | 1,074,732 | 0 | 4,238,322 | 3,163,590 | 1,070,000 | (250,000) | 3,983,590 | 2,824,188 | 339,402 | 0 | 3,163,590 |
| Airport Reserve | 1,084,261 | 31,154 | 0 | 1,115,415 | 1,084,261 | 29,000 | (250,000) | 863,261 | 369,847 | 714,414 | 0 | 1,084,261 |
| Reserve - Computer | 100,871 | 2,898 | 0 | 103,769 | 100,872 | 2,500 | (50,000) | 53,372 | 58,588 | 42,283 | 0 | 100,871 |
| Reserve - Wiluna Telecentre | 15,846 | 455 | 0 | 16,301 | 0 | 0 | 0 | 0 | 15,252 | 594 | 0 | 15,846 |
| Reserve - Caravan Park | 0 | 45,000 | 0 | 45,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserve - Heritage and Interpretive Centre | 0 | 570,752 | 0 | 570,752 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserve - Unspent Grants and Contributions | 0 | 301,367 | 0 | 301,367 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Access IT Reserve | 0 | 0 | 0 | 0 | 15,846 | 600 | (16,446) | 0 | 0 | 0 | 0 | 0 |
| | 4,437,461 | 2,128,452 | 0 | 6,565,913 | 4,437,462 | 1,225,000 | (566,446) | 5,096,016 | 3,338,034 | 1,099,427 | 0 | 4,437,461 |

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.

11. 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 | 2018 forward | - to be used for the purchase and replacement of equipment, furniture, plant, buildings, infrastructure including roads, footpaths and recreation facilities. |
| Airport Reserve | 2018 forward | - to be used to fund the long term maintenance and upgrading of the Wiluna Airstrip. |
| Reserve - Computer | 2018 forward | - to be used to ensure that the administration computer system is maintained. |
| Reserve - Wiluna Telecentre | 2018 forward | - to be used to fund the replacement and upgrading of the IT Equipment provided for use by the community. |
| Reserve - Caravan Park | 2018 | - to be used to fund the building of a Caravan Park. |
| Reserve - Heritage and Interpretive Centre | 2018 | - to be used to fund the remaining work at the Heritage and Interpretive Centre. |
| Reserve - Unspent Grants and Contributions | 2018 forward | - to be expended as stipulated by the Grant funding agreements. |

SHIRE OF WILUNA
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12. REVALUATION SURPLUS

| | 2017 | 2017 | 2017 | 2017 | 2017 | 2016 | 2016 | 2016 | 2016 | 2016 |
|--------------------------|--------------------|-------------|--------------------|--------------------|--------------------|--------------------|----------------|-----------------|----------------|--------------------|
| | Opening | Revaluation | Revaluation | Total | Closing | Opening | Revaluation | Revaluation | Total | Closing |
| | Balance | Increment | (Decrement) | Movement on | Balance | Balance | Increment | (Decrement) | Movement on | Balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land and buildings | 6,347,852 | 0 | (2,124,234) | (2,124,234) | 4,223,618 | 6,347,852 | 0 | 0 | 0 | 6,347,852 |
| Furniture and equipment | 103,228 | 0 | 0 | 0 | 103,228 | 144,887 | 0 | (41,659) | (41,659) | 103,228 |
| Plant and equipment | 641,225 | 0 | 0 | 0 | 641,225 | 229,274 | 411,951 | 0 | 411,951 | 641,225 |
| Infrastructure - roads | 160,237,455 | 0 | 0 | 0 | 160,237,455 | 160,237,455 | 0 | 0 | 0 | 160,237,455 |
| Infrastructure - airport | 2,632,881 | 0 | 0 | 0 | 2,632,881 | 2,632,881 | 0 | 0 | 0 | 2,632,881 |
| | 169,962,641 | 0 | (2,124,234) | (2,124,234) | 167,838,407 | 169,592,349 | 411,951 | (41,659) | 370,292 | 169,962,641 |

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 2017

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|--|-------------------|----------------------|-------------------|
| Cash and cash equivalents | <u>12,914,669</u> | <u>5,600,246</u> | <u>11,221,277</u> |
| (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 2,001,445 | (2,712,571) | (2,612,499) |
| Non-cash flows in Net result: | | | |
| Depreciation | 2,727,092 | 6,487,050 | 5,947,104 |
| (Profit)/Loss on sale of asset | (42,737) | (1,340) | (11,638) |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | 1,075,356 | 1,000,000 | (128,630) |
| (Increase)/Decrease in inventories | 31,597 | 0 | (25) |
| Increase/(Decrease) in payables | (350,052) | 0 | (619,903) |
| Increase/(Decrease) in provisions | (48,283) | 0 | 53,892 |
| Grants contributions for the development of assets | (513,903) | (2,150,314) | (1,487,033) |
| Net cash from operating activities | <u>4,880,515</u> | <u>2,622,825</u> | <u>1,141,268</u> |
| (c) Undrawn Borrowing Facilities | | | |
| Credit Standby Arrangements | \$ | | \$ |
| Bank overdraft limit | | | |
| Bank overdraft at balance date | | | |
| Credit card limit | 50,000 | | 50,000 |
| Credit card balance at balance date | 7,670 | | (17,108) |
| Total amount of credit unused | <u>57,670</u> | | <u>32,892</u> |
| Loan facilities | | | |
| Loan facilities - current | 165,647 | | 159,277 |
| Loan facilities - non-current | 933,062 | | 1,098,709 |
| Total facilities in use at balance date | <u>1,098,709</u> | | <u>1,257,986</u> |
| Unused loan facilities at balance date | <u>0</u> | | <u>1,200,000</u> |

SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. CONTINGENT LIABILITIES

The Shire is not aware of any contingent liabilities as at 30 June 2017.

15. 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.

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements at 30 June 2017.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2017 | 2016 |
|-----------------------------|--------------------|--------------------|
| | \$ | \$ |
| Governance | 150,000 | 0 |
| General purpose funding | 322,816 | 403,520 |
| Law, order, public safety | 130,894 | 163,617 |
| Education and welfare | 2,400 | 3,000 |
| Housing | 5,210,922 | 5,888,652 |
| Community amenities | 198,739 | 248,424 |
| Recreation and culture | 4,591,239 | 5,239,049 |
| Transport | 171,720,843 | 170,478,183 |
| Economic services | 796,976 | 996,220 |
| Other property and services | 4,246,236 | 4,886,548 |
| Unallocated | 11,477,022 | 11,221,277 |
| | <u>198,848,087</u> | <u>199,528,490</u> |

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

| | 2017 | 2016 | 2015 |
|-----------------------------------|-------|--------|--------|
| 18. FINANCIAL RATIOS | | | |
| Current ratio | 11.12 | 4.97 | 3.39 |
| Asset sustainability ratio | 0.11 | 0.20 | 0.47 |
| Debt service cover ratio | 17.71 | 9.25 | 9.14 |
| Operating surplus ratio | 0.36 | (1.02) | (0.10) |
| Own source revenue coverage ratio | 0.56 | 0.20 | 0.47 |

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 54 of this document.

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

The early payment of the grant increased operating revenue in 2017 by \$1,307,518.

Three of the 2015 and 2016 ratios disclosed above were distorted by the early receipt of one instalment of the of the 2015-18 Financial Assistance Grant in June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,241,029 .

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

| | 2017 | 2016 | 2015 |
|--------------------------|-------|--------|--------|
| Current ratio | 10.08 | 5.38 | 2.66 |
| Operating surplus ratio | 0.04 | (0.71) | (0.41) |
| Debt service cover ratio | 12.32 | 15.28 | 3.12 |

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

19. TRUST FUNDS

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

| | 1 July 2016 | Amounts Received | Amounts Paid | 30 June 2017 |
|--------------------------------------|----------------|---------------------|-----------------|---------------|
| | \$ | \$ | (\$) | \$ |
| Gym Keys Deposit/Other Bond Deposits | 11,817 | 5,147 | (4,786) | 12,178 |
| | <u>11,817</u> | | | <u>12,178</u> |

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Asset | 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 | | | | | | | | | |
| Governance | | | | | | | | | |
| CEO Vehicle - Toyota LC 200 | 6011A | 64,953 | 83,636 | 18,683 | 0 | 470,000 | 480,000 | 10,000 | 0 |
| CEO Vehicle - Toyota LC 201 | 6011B | 67,480 | 84,546 | 17,066 | 0 | 0 | 0 | 0 | 0 |
| Transport | | | | | | | | | |
| Cat 950G Loader P36 | | 0 | 0 | 0 | 0 | 47,763 | 50,000 | 2,237 | 0 |
| Grader John Deere 2004 P19 | | 0 | 0 | 0 | 0 | 101,543 | 90,000 | 0 | (11,543) |
| Bobcat 2200 (Utility Gardens) WU-271 P48 | | 0 | 0 | 0 | 0 | 8,173 | 5,000 | 0 | (3,173) |
| Other property and services | | | | | | | | | |
| Nissan Patrol 2014 manual (EMTS Vehicle) | 6002 | 27,557 | 34,545 | 6,988 | 0 | 31,181 | 35,000 | 3,819 | 0 |
| | | 159,990 | 202,727 | 42,737 | 0 | 658,660 | 660,000 | 16,056 | (14,716) |

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

(a) Repayments - Debentures

| Particulars | Principal | New | Principal Repayments | | Principal 30 June 2017 | | Interest Repayments | |
|-------------------------------|------------------|----------|----------------------|----------------|------------------------|------------------|---------------------|---------------|
| | 1 July 2016 | Loans | Actual | Budget | Actual | Budget | Actual | Budget |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Recreation and culture | | | | | | | | |
| Wiluna Recreation Ground | 369,995 | 0 | 46,846 | 46,846 | 323,149 | 323,149 | 27,442 | 9,918 |
| Economic services | | | | | | | | |
| CSR/GBH/Interpretive Centre | 887,990 | 0 | 112,431 | 112,431 | 775,559 | 775,559 | 56,021 | 23,800 |
| | <u>1,257,985</u> | <u>0</u> | <u>159,277</u> | <u>159,277</u> | <u>1,098,708</u> | <u>1,098,708</u> | <u>83,464</u> | <u>33,718</u> |

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2016/17

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

(c) Unspent Debentures

| Particulars | Date | Balance | Borrowed | Expended | Balance |
|--|----------|------------------|-------------|--------------------|------------|
| | Borrowed | 1 July 16 | During Year | During Year | 30 June 17 |
| | | \$ | \$ | \$ | \$ |
| Gunbarrel Hwy/Canning Stock Route Heritage and Interpretive Centre | | 1,200,000 | | (1,200,000) | 0 |
| | | <u>1,200,000</u> | <u>0</u> | <u>(1,200,000)</u> | <u>0</u> |

(d) Overdraft

The Council has no overdraft facility and no overdraft has been utilised at 30 June 2017.

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22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

| | | | Rate in \$ | Number of Properties | Rateable Value | Rate Revenue | Interim Rates | Back Rates | Total Revenue | Budget Rate Revenue | Budget Interim Rate | Budget Back Rate | Budget Total Revenue |
|--|--|--|---------------|----------------------------|-------------------|-----------------|------------------|---------------|------------------|---------------------------|---------------------------|------------------------|----------------------------|
| RATE TYPE | | | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Differential general rate / general rate | | | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | | | |
| GRV Wiluna Townsite | | | 8.6700 | 69 | 1,078,928 | 140,430 | 0 | 0 | 140,430 | 93,543 | 0 | 0 | 93,543 |
| GRV Wiluna Mining | | | 17.1430 | 6 | 6,380,000 | 1,093,723 | 0 | 0 | 1,093,723 | 1,093,723 | 0 | 0 | 1,093,723 |
| Unimproved value valuations | | | | | | | | | | | | | |
| UV Rural/Pastoral | | | 11.6950 | 27 | 1,209,951 | 141,504 | 0 | 0 | 141,504 | 141,504 | 0 | 0 | 141,504 |
| UV Mining | | | 15.3490 | 202 | 11,726,761 | 1,799,941 | 0 | 0 | 1,799,941 | 1,799,941 | 38,000 | 0 | 1,837,941 |
| UV Exploration and Prospecting | | | 22.6820 | 205 | 1,999,252 | 453,470 | 0 | 0 | 453,470 | 453,470 | 0 | 0 | 453,470 |
| Sub-Total | | | | 509 | 22,394,892 | 3,629,068 | 0 | 0 | 3,629,068 | 3,582,181 | 38,000 | 0 | 3,620,181 |
| Minimum payment | | | Minimum \$ | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | | | |
| GRV Wiluna Townsite | | | 410 | 19 | 8,018 | 7,790 | 0 | 0 | 7,790 | 7,790 | 0 | 0 | 7,790 |
| GRV Wiluna 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 | 192 | 73,247 | 59,520 | 0 | 0 | 59,520 | 59,520 | 0 | 0 | 59,520 |
| UV Exploration and Prospecting | | | 310 | 42 | 30,270 | 13,020 | 0 | 0 | 13,020 | 13,020 | 0 | 0 | 13,020 |
| Sub-Total | | | | 258 | 113,290 | 81,880 | 0 | 0 | 81,880 | 81,880 | 0 | 0 | 81,880 |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
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SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. NET CURRENT ASSETS

Composition of net current assets

| | 2017 (30 June 2017 Carried Forward) | 2017 (1 July 2016 Brought Forward) | 2016 (30 June 2016 Carried Forward) |
|--|--|---|--|
| | \$ | \$ | \$ |
| Surplus/(Deficit) 1 July 16 brought forward | 6,247,867 | 7,337,562 | 7,337,562 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 6,348,756 | 3,909,735 | 3,909,735 |
| Restricted | 6,565,913 | 7,311,542 | 7,311,542 |
| Receivables | | | |
| Rates outstanding | 119,762 | 395,420 | 395,420 |
| Sundry debtors | 257,924 | 1,160,614 | 1,160,614 |
| GST receivable | 95,028 | 7,722 | 7,722 |
| Provision for Bad Debts | 0 | (62,256) | (62,256) |
| Accrued Income | 42,881 | 27,195 | 27,195 |
| Inventories | | | |
| Fuel and materials | 10,861 | 42,458 | 42,458 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry creditors | (262,159) | (685,784) | (685,784) |
| Accrued interest on debentures | (41,885) | (15,060) | (15,060) |
| Accrued salaries and wages | 0 | (47,106) | (47,106) |
| ATO liabilities | (36,063) | 0 | 0 |
| Accrued Expenses | (142,005) | (84,215) | (84,215) |
| Rates with credit balances | (34,584) | (34,584) | (34,584) |
| Current portion of long term borrowings | | | |
| Secured by floating charge | (165,647) | (159,277) | (159,277) |
| Provisions | | | |
| Provision for annual leave | (86,077) | (91,968) | (91,968) |
| Provision for long service leave | (24,572) | (58,690) | (58,690) |
| Unadjusted net current assets | 12,648,133 | 11,615,746 | 11,615,746 |
| Adjustments | | | |
| Less: Reserves - restricted cash | (6,565,913) | (4,437,461) | (4,437,461) |
| Add: Secured by floating charge | 165,647 | 159,277 | 159,277 |
| Adjusted net current assets - surplus/(deficit) | 6,247,867 | 7,337,562 | 7,337,562 |

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

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

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended June 2017.

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended June 2017.

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

No discount on rates is available.

27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

| | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|-----------------------------|-----------------|--|--|---------------------------------------|
| Instalment Options | | | | |
| Option One | | | | |
| Single full payment | 30 September 16 | | | 11.00% |
| Option Two | | | | |
| First Instalment | 30 September 16 | 30 | 5.50% | 11.00% |
| Second Instalment | 30 November 16 | | 5.50% | 11.00% |
| Third Instalment | 31 January 17 | | 5.50% | 11.00% |
| Fourth Instalment | 31 March 17 | | 5.50% | 11.00% |
| | | | Revenue | Budgeted Revenue |
| | | | \$ | \$ |
| Interest on unpaid rates | | | 20,885 | 30,000 |
| Interest on instalment plan | | | 9,708 | 7,000 |
| Charges on instalment plan | | | 4,960 | 4,000 |
| | | | <u>35,553</u> | <u>41,000</u> |

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

| | 2017 \$ | 2016 \$ |
|-------------------------------|----------------|----------------|
| 28. FEES & CHARGES | | |
| Governance | 0 | 2 |
| General purpose funding | 7,455 | 68 |
| Law, order, public safety | 210 | 365 |
| Health | 763 | 191 |
| Education and welfare | 0 | 1,195 |
| Housing | 575 | 0 |
| Community amenities | 72,093 | 67,781 |
| Recreation and culture | 17,321 | 35,959 |
| Transport | 616,717 | 98,014 |
| Economic services | 15,491 | 12,696 |
| Other property and services | 3,932 | 2,669 |
| | <u>734,557</u> | <u>218,940</u> |

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

29. GRANT REVENUE

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

| | 2017 \$ | 2016 \$ |
|--|------------------|-------------------|
| By Nature or Type: | | |
| Operating grants, subsidies and contributions | | |
| General purpose funding | 3,764,102 | 1,213,364 |
| Law, order, public safety | 9,570 | 3,919 |
| Recreation and culture | 165,240 | 137,000 |
| Transport | 190,236 | 10,897,138 |
| | <u>4,129,147</u> | <u>12,251,421</u> |
| Non-operating grants, subsidies and contributions | | |
| Recreation and culture | 14,700 | 0 |
| Transport | 419,376 | 1,487,033 |
| Economic services | 79,827 | 0 |
| | <u>513,903</u> | <u>1,487,033</u> |
| | <u>4,643,050</u> | <u>13,738,454</u> |

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | |
|-----------|-----------|
| <u>20</u> | <u>18</u> |
|-----------|-----------|

31. ELECTED MEMBERS REMUNERATION

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

| | 2017 \$ | 2017 Budget \$ | 2016 \$ |
|------------------------------|----------------|----------------------|---------------|
| Meeting Fees | 63,427 | 78,801 | 61,476 |
| President's allowance | 18,823 | 16,000 | 16,000 |
| Deputy President's allowance | 4,000 | 4,000 | 4,000 |
| Travelling expenses | 10,687 | 14,352 | 10,254 |
| Telecommunications allowance | 7,500 | 8,750 | 7,812 |
| | <u>104,437</u> | <u>121,903</u> | <u>99,542</u> |

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

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

2017
\$

The total of remuneration paid to KMP of the Shire during the year are as follows:

| | |
|------------------------------|----------------|
| Short-term employee benefits | 451,932 |
| Post-employment benefits | 64,645 |
| Other long-term benefits | 56,050 |
| | <u>572,627</u> |

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

All key management personnel (excluding councillors) were provided free residential housing by the Shire.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

| Name | Position | From | To |
|-----------------------|--|----------|----------|
| Dean Taylor | Acting Chief Executive Officer | 1.7.16 | 20.11.16 |
| Colin John Bastow | Deputy Chief Executive Officer | 10.10.16 | 22.11.16 |
| Colin John Bastow | Acting Chief Executive Officer | 23.11.16 | 30.6.17 |
| Warren Keith Olsen | Acting Deputy Chief Executive Officer | 30.1.17 | 30.6.17 |
| Tracey Luke | Executive Manager Community and Economic Development | 1.7.16 | 30.6.17 |
| Louka Stoyanov Shopov | Executive Manager Engineering and Development Services | 5.9.16 | 30.6.17 |
| Glen Deocampo | Executive Manager Corporate Services | 1.7.16 | 31.3.17 |
| Jim Quadrio | Councillor | 1.7.16 | 30.6.17 |
| Norma Ward | Councillor | 1.7.16 | 30.6.17 |
| Stacey Petterson | Councillor | 1.7.16 | 30.6.17 |
| Caroline Thomas | Councillor | 1.7.16 | 30.6.17 |
| Graham Harris | Councillor | 1.7.16 | 30.6.17 |
| Chris Webb | Councillor | 1.7.16 | 30.6.17 |

All key management personnel in the above list (excluding councillors) were provided free residential housing by the Shire.

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the equity method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 16.

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

32. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

2017
\$

Associated companies/individuals:

| | |
|--------------------------------|-----------|
| Purchase of goods and services | 1,520,913 |
|--------------------------------|-----------|

During the 2016-17 financial year the Shire purchased materials and services amounting to to \$963,914 from Goodwork Holdings Pty Ltd, an entity that is controlled by a close family member of a Councillor. All purchases were at arm's length, on normal terms and conditions and were in the normal course of Shire's operations.

During the 2016-17 financial year the Shire purchased materials and services amounting to to \$405,616 from Millrose Contracting, an entity that is controlled by close family members of a Councillor. All purchases were at arm's length, on normal terms and conditions and were in the normal course of Shire's operations.

During the 2016-17 financial year the Shire purchased contracting services amounting to \$151,383 from Red Tail Ridge Consulting, an entity that is controlled by Dean Taylor. Dean Taylor was provided with free housing valued at \$3,400. During this period Dean Taylor performed the Acting CEO and project manager duties for the Shire.

All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with their employment contract for the job they perform. As at 30 June 2017, the Shire employed 20 full-time and 3 part-time staff of which the executive assistant to the CEO and the Shire ranger were employees identified as a close family member of a Councillor. The total employee benefits including superannuation and other allowances paid to the two employees was \$106,600.

| | |
|-------------------------|-----|
| Joint venture entities: | Nil |
|-------------------------|-----|

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| Amounts outstanding from related parties: | Nil |
|---|-----|

Amounts payable to related parties:

| | |
|--------------------------|--------|
| Trade and other payables | 94,367 |
|--------------------------|--------|

As at 30 June 2017, amounts owed by the Shire to Goodwork Holdings Pty Ltd, an entity that is controlled by a close family member of a Councillor amounted to \$13,244.

As at 30 June 2017, amounts owed by the Shire to Millrose Contracting, an entity that is controlled by close family members of a Councillor amounted to \$81,123.

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

33. MAJOR LAND TRANSACTIONS

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

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

35. 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 | |
|------------------------------|-----------------------|-------------------|-------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 12,914,669 | 11,221,277 | 12,914,669 | 11,221,277 |
| Receivables | 515,595 | 1,528,695 | 515,595 | 1,528,695 |
| | <u>13,430,264</u> | <u>12,749,972</u> | <u>13,430,264</u> | <u>12,749,972</u> |
| Financial liabilities | | | | |
| Payables | 516,697 | 866,749 | 516,697 | 866,749 |
| Borrowings | 1,098,709 | 1,257,986 | 963,759 | 1,345,987 |
| | <u>1,615,406</u> | <u>2,124,735</u> | <u>1,480,456</u> | <u>2,212,736</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 2017

35. 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.

| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash | | |
| - Equity | 129,147 | 112,213 |
| - Statement of Comprehensive Income | 129,147 | 112,213 |

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 2017

35. 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:

| | 2017 | 2016 |
|--|-------------|-------------|
| Percentage of rates and annual charges | | |
| - Current | 5% | 0% |
| - Overdue | 95% | 100% |
| Percentage of other receivables | | |
| - Current | 95% | 95% |
| - Overdue | 5% | 5% |

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
|--------------------|---|---|---|--|-----------------------------------|
| <u>2017</u> | | | | | |
| Payables | 516,697 | 0 | 0 | 516,697 | 516,696 |
| Borrowings | 208,480 | 833,918 | 208,480 | 1,250,878 | 1,098,709 |
| | <u>725,177</u> | <u>833,918</u> | <u>208,480</u> | <u>1,767,574</u> | <u>1,615,405</u> |
| <u>2016</u> | | | | | |
| 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> |

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

35. 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 2017 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debentures | 0 | 0 | 0 | 0 | 0 | 1,098,709 | 1,098,709 | 3.96% |
| Weighted average Effective interest rate | 0% | 0% | 0% | 0% | 0% | 3.96% | | |
| Year ended 30 June 2016 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debentures | 0 | 0 | 0 | 0 | 0 | 1,257,985 | 1,257,985 | 3.96% |
| Weighted average Effective interest rate | 0% | 0% | 0% | 0% | 0% | 3.96% | | |

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

Opinion

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

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

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Report section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (the "Code")* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

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

- (a) We refer to our management letter in relation to financial ratios. Other than as disclosed, there are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- (b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Supplementary Ratio Information presented at page 59 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.

Other Information

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

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

Responsibilities of Management and Council for the Financial Report

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

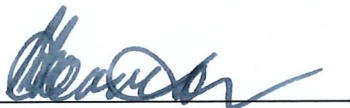
In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at <http://www.ausb.gov.au/auditors/files/ar3.pdf>. This description forms part of our audit report.



Russell Harrison, Partner

Lincolns Accountants and Business Advisers

70 - 74 Frederick Street, Albany WA

Dated this ^{22nd} day of March 2018

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

RATIO INFORMATION

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

| | 2017 | 2016 | 2015 |
|-----------------------------|------|------|------|
| Asset consumption ratio | 0.75 | 0.78 | 0.80 |
| Asset renewal funding ratio | 1.92 | 0.94 | 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 | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |
|-----------------------------|---|