



Annual Report

For the year ending 30 June 2016



As adopted at the Ordinary Meeting of Council held 16 December 2016
Decision number

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KEY STATISTICS

	2015/16	2014/15
Total number of residents	419	405
Total number of rateable properties	423	312
Rates levied	1,776,032	1,726,911
Minimum general residential rate	270	260
Minimum council residential vacant	620	600
Minimum general commercial rate	270	260
Minimum general pastoral rate	270	260
Minimum general mining rate	270	260
Revenue from Ordinary Activities	6,076,558	7,886,457
Net current assets	614,708	2,078,105
Grants and Subsidies – Operating	888,496	937,179
Grants and Subsidies – Non-Operating	1,654,942	1,830,217
Total number of employees (FTE)	21	21
Building applications approved	1	1
Value of building applications approved	2,900,000	49,500

PRESIDENT'S REPORT

President's Report 2015 - 2016

The Council on 29th August adopted the 2016-17 financial year Annual Budget and you will be pleased to know that the rate in the dollar and the minimum rates for each differential rating category have remained the same as 2015-16.

The capital works program for the 2016-17 year is expected to be \$3.389 million. Of the \$3.389 million capital funding required, \$1.617 million will come from Council operations and sale of assets, \$1.616 million from external grants \$0.080 from contributions and the balance of \$0.076 million from reserves. The capital expenditure program has been set and prioritised based on needs and sound business cases for each project.

Highlights of the Capital Works program include:

Furniture and Equipment	\$83,500
Plant and equipment	\$887,000
Infrastructure - Roads	\$1,273,556
Staff Housing – Two Modular Homes	\$508,697
Arts and Crafts Building	\$260,000
Paynes Find Beautification	\$78,658
Paynes Find Airstrip Fence	\$45,000
Shamrock Park Playground Equipment	\$45,000

The Shire will have further consultations with the Paynes Find residents on the two projects mentioned above. During the course of the last financial year the Shire engaged a number of employees to bring its works force up to full strength.

The Shire in 2015-16 undertook the following projects:

- Staff Housing x 2 new residential homes which were completed in December 2015
- Emu Cup
- The Shire was affected by a boundary change review which was instigated by the Shire of Dalwallinu, but it was pleasing that the West Australian Advisory Board and the Minister for Local Government and Communities did not propose any change of boundaries.
- Arts and Crafts Building is planned for completion in 2016-17.
- Extensive road works have been completed throughout the Shire

I now take this opportunity to formally welcome the newly elected members Cr Joanne Kanny and Cr Gail Trenfield and in turn would like to thank the contributions made by ex-councillors Stanley Willock and Adam Fawkes.

I would like to thank the Chief Executive Officer and his support staff for the hard work and loyalty they provided to the Shire over the past year. To my fellow Councillors its' been a pleasure working with you all and trust that the teamwork will continue into the future.

In closing I can assure you all that the Shire's finances are in good shape and the 2016-17 Annual Budget is both progressive and financially responsible and includes a number of new initiatives such as the Arts & Crafts building and the Community Oval which will bring many benefits to the residents of Yalgoo from a recreational and social perspective.

I thank you all for supporting the Shire.

Regards

Neil Grinham
President
Shire of Yalgoo
& Murchison Regional Vermin Council (MRVC)
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Where the Outback Starts!



ELECTED MEMBERS REPORT

Councillors

As at 30 June 2016:

President	Cr Neil Grinham	Term expires 2017
Deputy President	Cr Raul Valenzuela	Term expires 2017
Members	Cr Robert Grinham	Term expires 2019
	Cr Joanne Kanny	Term expires 2019
	Cr Gail Trenfield	Term expires 2017
	Cr Percy Lawson	Term expires 2019

Attendance at Council Meetings

There were 11 Ordinary Meetings, 4 Special Meetings and 2 Audit Meetings of Council held between 1 July 2015 and 30 June 2016. A breakdown of Councillors' presence at meetings is detailed in the table below, for Councillors in office as at 30 June 2016:

Councillor	Ordinary (11)	Special (4)	Audit Committee (2)
Cr Neil Grinham	11/11	4/4	2/2
Cr Raul Valenzuela	11/11	4/4	2/2
Cr Robert Grinham	4/11	1/4	0/2
Cr Gail Trenfield	4/11	1/4	2/2
Cr Jo Kanny	8/11	3/4	2/2
Cr Percy Lawson	10/11	4/4	2/2

Fees and Allowances

The following fees, expenses and allowances were paid to Council Members and the President:

Fees, Expenses, Allowances	Actual \$ 2015/16	Budget \$ 2015/16	Actual \$ 2014/15	Budget \$ 2014/15
Meeting Fees	23,381	23,573	37,660	22,000
President's Allowance	10,475	8,939	8,976	9,500
Deputy President's Allowance	1,552	2,235	1,685	2,500
Travelling Expenses	39,611	66,000	60,304	28,200
Telecommunication Allowance	16,334	21,000	19,540	21,000
Total	91,353	121,747	128,165	83,200

CHIEF EXECUTIVE OFFICER'S REPORT

The year in review

The 2015/16 year has really been impressive for Yalgoo!

Our plant replacement program has seen a new Multi-tyre roller, new M Series CAT grader and small plant replacement items support our works team. We have been able to have our Works and Parks teams filled with some new local residents with 4 new members joining our team. It is great to have Ryan Egan, Phillip Hill, Jordan Comeagain, Percy Lawson Jnr and Steven Cosgrove start along with two familiar members returning with Ted Bukelis, Ray Winfeild and Ray Pratt as Foreman commence this year.

Flood damage works continued with our tendered contractor who has done a fantastic job of reinstating the road network to an exceptional standard.

We were fortunate to have Craig Hodder come through a horrible accident in the CAT prime mover to be able to return to work with the rest of his team.

Council also had to put up a determined effort to respond to a boundary change proposal submitted by the Shire of Dalwallinu to take back a large portion of Yalgoo land in the Paynes Find area. A big thank you to all the residents, especially in Paynes Find that assisted our legal team in developing an accurate response that enabled the Shire of Yalgoo to win the argument and retain the area as part of Yalgoo. A local artist – Margaret Simpson, was commissioned by the legal team to design and paint two artworks representing this submission and result. One of the 'sister' pieces is located in the chambers of Civic Legal in Perth and the other in the Shire office. These marvelous pieces of art truly are professional and I welcome anyone who wishes to view the painting in Yalgoo to come in and see it along with the story explaining the design.

For those of us that have been around a while and may remember some different times within our administration, you would be pleased to know that for the first time in living memory we were able to finish the financial year with a financial surplus! It was due to this management result that enabled the Shire to independently fund the new Arts and Cultural Center that will be built in the 16/17 financial year in Milligan St.

In conclusion, the Shire of Yalgoo really is now beginning to benefit from all of the input from local residents having a positive contribution to our workforce and our Council Members leading the way in our strategic direction.

A big thank you to all community members and staff that work together to make our Shire the best around!!



Silvio Brenzi
Chief Executive Officer



OTHER REPORTS

Strategic Community Plan 2014 - 2023

Copies of Council's Plan for the Future, including the Strategic Community Plan, as required by the Local Government Act s5.56, may be obtained from the Shire Office or website www.yalgoo.wa.gov.au.

During 2014/15 the Shire engaged with the community to develop and draft a strategic community plan that sets out the vision, aspirations and objectives of the community in the district. The plan was adopted by Council in September 2013. The following report shows achievements against the plan in 2014/15 and major activities planned for 2015/16.

1. Social

Education, Respect and Belongingness Objectives	Outcomes	Achieved 2015/16	Planned 2016/17
An educated, respectful and inclusive community, a place where people feel they belong.	<ul style="list-style-type: none"> Maintenance of existing and development of new community infrastructure and resources. 	Continued maintenance of the under-cover sports facility, racecourse building and grounds, water park, town parks and recreation facilities and street scaping	<ul style="list-style-type: none"> The development of an Arts and Craft Centre
	<ul style="list-style-type: none"> Improved opportunities for education and training. 	<ul style="list-style-type: none"> Continuation of the computer room at the community hall 	<ul style="list-style-type: none"> Facilitating interventions targeting young people disengaged from education Strengthening the relationship with MEEDAC, the local RJCP provider.

Education, Respect and Belongingness Objectives	Outcomes	Achieved 2015/16	Planned 2016/17
	<ul style="list-style-type: none"> Successful facilitation of wide ranging program of community activities. 	<ul style="list-style-type: none"> Supporting the operations of the local Men's and Women's groups Running regular school holiday programs Facilitating and/or supporting local events such as the Yalgoo Emu Cup and Goo Fest, Australia Day, ANZAC Day, Carols by Candle Light, Children's Christmas Party and Yalgoo Race Day Provision of broad-ranging information, referral and support services to the community 	<ul style="list-style-type: none"> Continued facilitation or support for local events Continued facilitation of regular school holiday programs Facilitating and supporting arts workshops Continued participation in the annual Banners In The Terrace Competition Continued provision of broad-ranging information, referral and support services to the community
	<ul style="list-style-type: none"> Improved delivery of existing or new health and support services. 	<ul style="list-style-type: none"> Inclusion of health services and health promotion information in the local Newsletter and the newly installed community notice board Lobbying of health services to provide increased services in the Shire 	<ul style="list-style-type: none"> Lobbying health services to provide increased health services in the Shire.

2. Environment

Appreciation and Balance Objectives	Outcomes	Achieved 2015/16	Planned 2016/17
	<ul style="list-style-type: none"> Well maintained and improved built environments. 	<ul style="list-style-type: none"> Completion of additional staff housing Upgrade of the caravan park facilities 	<ul style="list-style-type: none"> Construction of additional staff houses Construction of an Arts and Crafts building, playground equipment upgrade, Shamrock Park

Appreciation and
Balance
Objectives

Objectives	Outcomes	Achieved 2015/16	Planned 2016/17
An environment that is managed well and appreciated by all	<ul style="list-style-type: none"> ▪ The natural environment is protected and utilised. 	<ul style="list-style-type: none"> ▪ Support for MRVC and the vermin fence 	<ul style="list-style-type: none"> ▪ Support for MRVC and the vermin fence
	<ul style="list-style-type: none"> ▪ Indigenous cultural heritage in the landscape is protected and appreciated. 		<ul style="list-style-type: none"> ▪ Participation in cultural awareness training
	<ul style="list-style-type: none"> ▪ Become a leader in remote location waste management. 		<ul style="list-style-type: none"> ▪ Investigation of recycling options

3. Economic

	<ul style="list-style-type: none"> Increased population size. 		<ul style="list-style-type: none"> Additional staff housing Lobbying of government for additional housing
A modern and sustainable economy that provides for our growing community	<ul style="list-style-type: none"> Increased housing stock. 	<ul style="list-style-type: none"> Building of additional staff housing 	<ul style="list-style-type: none"> Continued lobbying of government for additional housing
	<ul style="list-style-type: none"> Increase in number of tourists visiting the shire. 	<ul style="list-style-type: none"> Improvements to the Yalgoo Caravan Park 	<ul style="list-style-type: none"> Tourism advertising campaign
	<ul style="list-style-type: none"> Maintained and improved services and amenities. 		<ul style="list-style-type: none"> Upgrade to Shire facilities such as the Depot, BBQ's

4. Civic

Service, Leadership and Integrity Objectives	Outcomes	Achieved 2015/16	Planned 2016/17
	<ul style="list-style-type: none"> An informed and participatory community. 		<ul style="list-style-type: none"> Community Survey on Shire performance
To be a Shire that serves our community with integrity and leadership	<ul style="list-style-type: none"> To have our community trust and respect us. 		<ul style="list-style-type: none"> Improved community interaction through community engagement and all major issues
	<ul style="list-style-type: none"> High quality integrated planning and compliance. 		<ul style="list-style-type: none"> Review of the Workforce and Community Strategic plans Review of the Long Term Financial Plan
	<ul style="list-style-type: none"> High quality strategic partnerships. 	<ul style="list-style-type: none"> Facilitation of monthly Yalgoo Interagency meetings 	<ul style="list-style-type: none"> Continuation of facilitation of monthly Yalgoo Interagency meetings

National Competition Policy

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

- No business enterprise of the Shire has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.
- The principles of competitive neutrality were implemented in respect of any relevant activity undertaken during the 2015/16 year.

Competitive Neutrality

This principle deals with ensuring that government business operations have no advantage or disadvantage in comparison with the private sector.

This policy dictates that competitive neutrality should apply to all business activities which generate a user pays income of over \$200,000 unless it can be shown that it is not in the public interest. In this regard, no significant new business activities for the purposes of competitive neutrality were initiated or considered during the year and no non-compliance allegations were made.

The Shire of Yalgoo conducts no activities where the user pays income exceeds \$200,000.

Legislation Review

The Shire reviewed its Local Laws in November 2006, a result of the legislation review requirements. The next review of Local Laws was required in 2014, to be undertaken in 2017.

Register of Certain Complaints of Minor Breaches

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

The Act requires the annual report to contain details about certain complaints of minor breaches that result in certain action taken against the person. Generally a minor breach is a breach of a local law or code of conduct and the action taken may be public censure, requiring the person to apologise or sending them to training. A register must be kept of all such breaches.

There were no such complaints recorded during 2015-16.

Public Interest Disclosures

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

The Chief Executive Officer has complied with all obligations under the Act including:

- Appointing the Deputy Chief Executive Officer as the PID Officer for the organisation and publishing an internal procedure relating to the Shire's obligations.
- Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

Disability Access and Inclusion Plan

The Disability Services Act 1993 was amended in December 2004, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPS). These plans were to be fully developed by July 2007 to replace and build on the achievements of Disability Services Plans (DSPs).

The Shire has reviewed its DAIP which was completed in May 2016.

Under the Disability Services Act, the Shire must also include a report about DAIP implementation in its annual report each year.

The report contains information on the progress of the public authority and any agents and contractors in achieving the desired outcomes specified in the Act. The report also includes the strategies used to inform its agents and contractors of the DAIP.

DAIP IMPLEMENTATION PLAN

The Implementation Plan details the task, timelines and responsibilities for each strategy to be implemented to progress the strategies of the DAIP each year.

It is intended that the Implementation Plan is updated annually through the Shire's operations, to progress the achievements of all the strategies over the duration of the five year plan.

In 2015 – 2016 the following tasks were undertaken to achieve the plans stated outcomes

Outcome 1: Services and events

People with disability have the same opportunities as other people to access the services of, and any events organised by the Shire of Yalgoo.

Total number of strategies planned (whether implemented or not):	7
Number of strategies that were implemented:	5

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

The answers to these four questions should add up to the answer to the number of strategies that were implemented.

Number of the strategies that were implemented that were effective:	2
Number of the strategies that were implemented that were average:	3
Number of the strategies that were implemented that were ineffective:	
Number of the strategies that were implemented that have not yet been evaluated:	

Describe your organisation's strategies or provide a case study for DAIP Outcome 1:

The strategies here are always being reviewed and changes made on a needs basis as we are dealing with our small and close-knit community members. We are yet to ascertain the numbers of people with disabilities within the community, but it needs to be recognised that the community is small and well known. While procedures are not written down in a document, all staff members are fully aware of what is required.

Outcome 2: Buildings and facilities

People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Yalgoo.

Total number of strategies planned (whether implemented or not):	5
Number of strategies that were implemented:	4

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

The answers to these four questions should add up to the answer to the number of strategies that were implemented.

Number of the strategies that were implemented that were effective:	2
Number of the strategies that were implemented that were average:	2
Number of the strategies that were implemented that were ineffective:	
Number of the strategies that were implemented that have not yet been evaluated:	

Describe your organisation's strategies or provide a case study for DAIP Outcome 2:

The construction of new buildings that are Commercial or Public Buildings (Class 2 to 9) are required to comply with the requirements of the Building Code of Australia, which is quite specific in regards to access and movement through the whole of a development.

Owners of older buildings are encouraged to upgrade where possible to allow for access for people with disabilities, but this needs to be when renovations are planned for these buildings.

There are no ACROD bays within the town as the demand for them is minimal and the infrastructure (businesses) is extremely limited. Access and consideration for people with disabilities are therefore considered on an ongoing basis.

The audit of signs needs to be completed, although this is not an urgent item.

Outcome 3: Information

People with disability receive information from the Shire of Yalgoo in a format that will enable them to access the information as readily as other people are able to access it.

Total number of strategies planned (whether implemented or not):	3
Number of strategies that were implemented:	2

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

The answers to these four questions should add up to the answer to the number of strategies that were implemented.

Number of the strategies that were implemented that were effective:	
Number of the strategies that were implemented that were average:	2
Number of the strategies that were implemented that were ineffective:	
Number of the strategies that were implemented that have not yet been evaluated:	

Describe your organisation's strategies or provide a case study for DAIP Outcome 3:
<p>More work required on these strategies. Staff is aware and the number of new staff is extremely low. Staff are residents within the town and awareness of people with disabilities and how to assist them, comes from the close connection with the small community in which they live.</p> <p>These strategies are ongoing and will be evaluated and changed if necessary as circumstances dictate.</p>

Outcome 4: Level and quality of service

People with disability receive the same level and quality of service from the staff of the Shire of Yalgoo as other people receive from the staff of that public authority.

Total number of strategies planned (whether implemented or not):	4
Number of strategies that were implemented:	2

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

The answers to these four questions should add up to the answer to the number of strategies that were implemented.

Number of the strategies that were implemented that were effective:	
Number of the strategies that were implemented that were average:	2
Number of the strategies that were implemented that were ineffective:	
Number of the strategies that were implemented that have not yet been evaluated:	

Describe your organisation's strategies or provide a case study for DAIP Outcome 4:
<p>Given the size of the town and the population of the whole of the Shire, all staff are aware of what is required of them in regards to providing the Shire services to the whole of the community. Special consideration is always offered to those in need and those with disabilities. The staff know who has disabilities and generally what has to be done to ensure equity in service to those people.</p> <p>As with all other strategies, these are ongoing and will be altered if required.</p>

Outcome 5: Complaints

People with disability have the same opportunities as other people to make complaints to the Shire of Yalgoo.

Total number of strategies planned (whether implemented or not):	1
Number of strategies that were implemented:	1

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

The answers to these four questions should add up to the answer to the number of strategies that were implemented.

Number of the strategies that were implemented that were effective:	
Number of the strategies that were implemented that were average:	1
Number of the strategies that were implemented that were ineffective:	
Number of the strategies that were implemented that have not yet been evaluated:	

Describe your organisation's strategies or provide a case study for DAIP Outcome 5:	
<p>The complaints system is the same for all the community, both resident and travelling/visiting.</p> <p>There have been no glitches in the current system and staff are always willing to assist any person with a disability to access this system.</p> <p>Again this strategy is ongoing and will be changed should there be any discrepancies with it.</p>	

Outcome 6: Consultation

People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Yalgoo.

Total number of strategies planned (whether implemented or not):	6
Number of strategies that were implemented:	2

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

The answers to these four questions should add up to the answer to the number of strategies that were implemented.

Number of the strategies that were implemented that were effective:	2
Number of the strategies that were implemented that were average:	
Number of the strategies that were implemented that were ineffective:	
Number of the strategies that were implemented that have not yet been evaluated:	

Describe your organisation's strategies or provide a case study for DAIP Outcome 6:	
<p>The Shire does not have any Agencies or Contractors engaged to provide services to the public on behalf of the Shire. Therefore, the requirement for them to report to the Shire in regards to DAIP is not relevant.</p> <p>All staff are aware of the venue that is preferred and compliant with access for people with disabilities for consultation. A number of consultations are actually conducted on a one to one basis and generally in a place conducive to the person, which is generally their place of residence.</p> <p>These strategies are constantly being monitored and assessed so that all of the community are involved.</p>	

Outcome 7: Employment

People with disability have the same opportunity to obtain and maintain employment by the Shire of Yalgoo.

Total number of strategies planned (whether implemented or not):	1
Number of strategies that were implemented:	

For the next question, take the number of strategies that were implemented and tell us how many were:

Effective – enhanced access and inclusion.

Average – enhanced access and inclusion in the interim but was not sustainable.

Ineffective – did not enhance access and inclusion.

Not yet evaluated – implemented but unsure or too early to tell whether access and inclusion was enhanced.

The answers to these four questions should add up to the answer to the number of strategies that were implemented.

Number of the strategies that were implemented that were effective:	1
Number of the strategies that were implemented that were average:	
Number of the strategies that were implemented that were ineffective:	
Number of the strategies that were implemented that have not yet been evaluated:	

Describe your organisation's strategies or provide a case study for DAIP Outcome 7:
The anti-discrimination legislation ensures that no person with a disability is discriminated against when it comes to employment within the Shire. All employment positions that are advertised do carry the required notice.

Freedom of Information Statement

This information statement is published by the Shire of Yalgoo in accordance with the requirements of the Freedom of Information Act 1992.

It is intended that the information statement be included as part of the Annual Report and received each year as part of the Annual Electors meeting.

1. Structure and Functions of Council

a) *Establishment*

The Shire of Yalgoo is established under the *Local Government Act 1995*, which governs how the administration for the Shire is carried out. Other major legislation which creates a duty or an authority for Council to act includes –

- Local Government Act (Miscellaneous Provisions) Act 1960
- Town Planning and Development 1928
- Bush Fires Act 1954
- Dog Act 1976
- Cat Act 2011
- Cemeteries Act 1986
- Health Act 1911
- Freedom of Information Act 1992
- Disabilities and Amendment Act 1999
- Occupational Health and Safety Act 1994
- Equal Opportunities Act 1984

In addition, there is a wide range of other legislative responsibilities.

b) *Council*

Council's affairs are managed by six people elected from the community who represent the whole Shire. Council acts as a "community board", establishing policies and making decisions within the Local Government Act on a wide range of issues affecting the community, in keeping with legislation requirements to:

- determine policies to be applied by Council in exercising its discretionary powers;
- determine the type, range and scope of projects to be undertaken by Council;
- develop comprehensive management plans, budgets, financial controls and performance objectives and indicators for the operations of Council.

Council makes decisions which direct and/or determine its activities and functions. Such decisions include the approval of works and services to be undertaken and the allocation of resources to such works and services.

Decisions are also made to determine whether or not approvals are to be granted for applications for residential and commercial development.

Meetings of Council and Committees are advertised at least once each year. Ordinary meetings of Council will be held on the second last Friday of each month commencing at 11.00 am. Council does not generally meet in the month of November. All members of the public are welcome to attend. Two meetings per year are held at Paynes Find in recognition that the Shire district covers an extensive geographic area with remote populations. Meeting at Paynes Find offers members of this remote locality the opportunity to attend a Council meeting without a 310 kilometre round trip on gravel roads.

Local public notice is given before any change of date of a meeting.

c) Regional Involvement

Elected members are involved with many organisations within the community, and also actively represent the community at a regional or state level. Council's nominations include –

- Murchison Country Zone of the WA Local Government Association (regional)
- Murchison Vermin Regional Council (regional)
- State Road Funds for Local Roads Sub-Group (regional)
- Gundawa Conservation Association (GCA)

d) Committees

Council utilises occasional committees as and when required. An Audit Committee meets as needed, in accordance with the requirements of the Local Government Act.

e) Agendas

To ensure that all items are included in the agenda, matters for consideration should reach the Council office at least 12 days before the Council meeting date as agendas are prepared for distribution 5 days in advance. A copy of the agenda is available to the public before the meetings.

f) Minutes

The Minutes are available for inspection after the meeting (usually about one week). Please note that all Minutes are subject to confirmation by Council at the following meeting.

g) Delegated Authority

The Chief Executive Officer and other officers of Council have delegated authority to make decisions on a number of specified administration and policy matters. These delegations are listed in the Delegations Register and are reviewed annually by Council.

2. Service to the Community

Council provides an extensive variety of services for the community under authority of a wide range of legislation. Services provided include –

- building control
- cemetery
- bush fire control
- citizenship ceremonies
- dog and cat control
- community bus
- environmental health
- demolition permits
- litter bins
- drainage
- parks & reserves
- fire prevention
- playground equipment
- library services
- public toilets
- media releases
- planning control
- rubbish collection
- public health services
- stormwater drainage
- public buildings for hire
- recreational /sporting facilities
- street lighting
- roads / footpaths /kerbing
- street tree planting
- vehicle licencing agency

3. Public Participation

Members of the public have a number of opportunities to put forward their views on particular issues before Council. These include:

- Deputations – With the permission of the President, a member of the public may address Council personally, on behalf of another or on behalf of an organisation.
- Submissions – Some development applications do not require special approval of Council. Where special approval is required, residents are notified by advertising in the local newspaper, and in some instances they may also be notified individually by Council or the developer. When an application is publicly notified, residents have the opportunity to make a written submission to Council expressing their views regarding the application.
- Petitions – Written petitions can be addressed to Council on any issue within the Council's jurisdiction.
- Written request – Members of the public can write to Council on any Council policy, activity or service.
- Elected members – Members of the public can contact any of the elected members to discuss any issue relevant to Council.
- Council meetings – public question time.

4. Access to Council Documents

Many documents are available for public inspection free of charge at the Council office. Copies of some documents can be made available, although some will incur a charge to cover photocopying. Information that is available includes –

- Committee Agendas
- Council Agendas
- Minutes of Committee Meetings
- Minutes of Council Meetings
- Delegations Manual
- Policy Manual
- Annual Budget
- Annual Report
- Annual Financial Statement
- Council Local Laws
- Town Planning Scheme
- Electoral Rolls
- Plan for the Future
- Disability and Inclusion Plan

Requests for other information will be considered in accordance with the Freedom of Information Act. Under this legislation, an application fee and search fee must be submitted with the completed request form unless the information required is personal or an exemption is granted.

5. Amending Personal Information

Applications for information or to view / amend personal information should be made to the CEO.

6. Procedures and Access Arrangements

a) FOI Operations

It is the aim of the agency to make information available promptly and at the lowest cost. Documents will therefore be provided outside the FOI process where possible.

If information is not routinely available, the *Freedom of Information Act 1992* provides the right to apply for documents held by the agency and to enable the public to ensure that personal information in documents is accurate, complete, up to date and not misleading.

b) *Freedom of Information Applications*

Access applications have to -

- be in writing;
- give enough information so that the documents requested can be identified;
- give an Australian address to which notices can be sent; and
- be lodged at the agency with any application fee payable.

Applications and enquiries should be addressed to the CEO.

Applications will be acknowledged in writing and you will be notified of the decision within 45 days.

c) *Freedom of Information Charges*

The scale of fees and charges is set under the FOI Act Regulations. Apart from the application fee for non-personal information all charges are discretionary. The charges are as follows.

- | | |
|---|--------------------|
| • <i>Personal information about the applicant</i> | <i>No fee</i> |
| • <i>Application fee (for non-personal information)</i> | <i>\$30.00</i> |
| • <i>Charge for time dealing with the application (per hour, or pro rata)</i> | <i>\$30.00</i> |
| • <i>Access time supervised by staff (per hour, or pro rata)</i> | <i>\$30.00</i> |
| • <i>Photocopying staff time (per hour, or pro rata)</i> | <i>\$30.00</i> |
| • <i>Per photocopy</i> | <i>\$0.30</i> |
| • <i>Transcribing from tape, film or computer (per hour, or pro rata)</i> | <i>\$30.00</i> |
| • <i>Duplicating a tape, film or computer information</i> | <i>Actual Cost</i> |
| • <i>Delivery, packaging and postage</i> | <i>Actual Cost</i> |

d) *Deposits*

- | | |
|---|------------|
| • <i>Advance deposit may be required of the estimated charges</i> | <i>25%</i> |
| • <i>Further advance deposit may be required to meet the charges for dealing with the application</i> | <i>75%</i> |

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

e) *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.

f) *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 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.

f) *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.

Enquiries, applications for information or to view / amend personal information, should be made to –

**Chief Executive Officer
Shire of Yalgoo
37 Gibbons Street
YALGOO WA 6635**

Enquiries can also be made to –

**Office of the Information Commissioner
Albert Facey House
469 Wellington St
PERTH WA 6000**

**Phone: 6551 7888 or 1800 621 244
Fax: 6551 7889
Email: info@foi.wa.gov.au
Web site: www.foi.wa.gov.au**

RECORD KEEPING

Background

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires each government organisation have a Record Keeping Plan that has been approved by the State Records Commission.

The purpose of a Record Keeping Plan is to set out which records are to be created by the organisation and how it is to keep those records. Record Keeping Plans are to provide an accurate reflection of the record keeping program within the organisation, including information regarding the organisation's record keeping system(s), disposal arrangements, policies, practices and procedures. The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and that best practices have been implemented in the organisation. In accordance with Section 17 of the Act, the Shire of Yalgoo and all its employees are legally required to comply with the contents of this plan.

The Shire of Yalgoo objectives for record keeping are:

- compliance with Section 19 of the State Records Act 2000,
- meeting the compliance requirements of the State Records Commission Standards and Records Management Standard AS15489,
- processes are in place to facilitate the accurate recording of business transactions and decisions,
- recorded information can be retrieved quickly, accurately and cheaply when required,
- protection and preservation of government records.

Minimum Compliance Requirements

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

- From time to time (where necessary) an external consultant is engaged to conduct a recordkeeping training session for staff.
- Staff are also encouraged to attend training courses outside the organisation whenever practicable. Information sessions are conducted for staff as required.
- The Shire provides brochures or newsletters to publish recordkeeping information, highlight issues, or bring particular recordkeeping matters to staff attention.
- The Shire's Induction Program for new employees includes an introduction to the local government's recordkeeping system and program, and information on their recordkeeping responsibilities.

The Shire in October 2016 adopted its Corporate Record Keeping Procedures detailed in its Record Keeping Procedures Handbook. Keywords for Council has been implemented. Staff have received training and the overall project will include archiving and destruction, improved record keeping facilities and review of the records management plan.

Review

The State Records Act 2000 s.28 (5) requires that Records Keeping Plan must be reviewed at least every five years. Between reviews, the implementation / continuation of requirements is to be further developed. The Plan was reviewed in 2016.

APPENDED

Shire of Yalgoo Audited Financial Statements and Auditor's Report for the financial year ended 30 June 2016

SHIRE OF YALGOO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business:
37 Gibbons Street
Yalgoo WA 6635

SHIRE OF YALGOO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 13th day of December 2016


Silvio Brenzi
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	1,776,032	1,844,860	1,726,911
Operating grants, subsidies and contributions	30	2,977,708	1,672,152	4,851,953
Fees and charges	29	172,144	167,717	150,442
Interest earnings	2(a)	102,547	52,746	79,796
Other revenue	2(a)	131,572	11,860	140,176
		<u>5,160,003</u>	<u>3,749,335</u>	<u>6,949,278</u>
Expenses				
Employee costs		(1,286,308)	(1,747,828)	(1,528,311)
Materials and contracts		(4,057,565)	(4,324,833)	(3,018,429)
Utility charges		(110,607)	(103,150)	(93,834)
Depreciation on non-current assets	2(a)	(1,148,194)	(1,165,455)	(1,171,960)
Interest expenses	2(a)	(35,747)	(36,349)	(33,327)
Insurance expenses		(179,464)	(238,600)	(101,101)
Other expenditure		(329,465)	(140,768)	(308,831)
		<u>(7,147,350)</u>	<u>(7,756,983)</u>	<u>(6,255,793)</u>
		(1,987,347)	(4,007,648)	693,485
Non-operating grants, subsidies and contributions	30	888,497	3,621,853	937,179
Profit on asset disposals	21	28,058	0	0
(Loss) on asset disposals	21	(237,395)	(26,000)	(167,501)
Net result		<u>(1,308,187)</u>	<u>(411,795)</u>	<u>1,463,163</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	290,896	0	42,886,854
Total other comprehensive income		<u>290,896</u>	<u>0</u>	<u>42,886,854</u>
Total comprehensive income		<u>(1,017,291)</u>	<u>(411,795)</u>	<u>44,350,017</u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Governance		2,000	0	14,676
General purpose funding		3,022,337	3,029,685	5,253,039
Law, order, public safety		16,257	17,110	34,813
Health		25,847	17,300	472
Housing		25,378	18,000	44,805
Community amenities		14,897	14,700	38,971
Recreation and culture		13,084	7,500	3,674
Transport		1,654,941	333,493	1,313,661
Economic services		267,624	246,247	162,433
Other property and services		117,638	65,300	82,734
		<u>5,160,003</u>	<u>3,749,335</u>	<u>6,949,278</u>
Expenses				
Governance		(453,869)	(490,262)	(510,056)
General purpose funding		(403,649)	(179,273)	(330,562)
Law, order, public safety		(160,513)	(163,849)	(134,779)
Health		(94,903)	(93,402)	(86,972)
Education and welfare		(7,718)	(9,084)	(6,124)
Housing		(302,185)	(291,380)	(359,507)
Community amenities		(214,887)	(243,448)	(200,784)
Recreation and culture		(580,656)	(714,458)	(647,322)
Transport		(4,302,904)	(4,845,792)	(3,321,651)
Economic services		(554,055)	(666,519)	(607,725)
Other property and services		(36,264)	(23,167)	(16,984)
		<u>(7,111,603)</u>	<u>(7,720,634)</u>	<u>(6,222,466)</u>
Finance costs				
Housing		(31,348)	(31,709)	(28,310)
Community amenities		(4,399)	(4,640)	(4,907)
Other property and services		0	0	(110)
		<u>(35,747)</u>	<u>(36,349)</u>	<u>(33,327)</u>
		<u>(1,987,347)</u>	<u>(4,007,648)</u>	<u>693,485</u>
Non-operating grants, subsidies and contributions	30	888,497	3,621,853	937,179
Profit on disposal of assets	21	28,058	0	0
(Loss) on disposal of assets	21	(237,395)	(26,000)	(167,501)
Net result		<u>(1,308,187)</u>	<u>(411,795)</u>	<u>1,463,163</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	290,896	0	42,886,854
Total other comprehensive income		<u>290,896</u>	<u>0</u>	<u>42,886,854</u>
Total comprehensive income		<u><u>(1,017,291)</u></u>	<u><u>(411,795)</u></u>	<u><u>44,350,017</u></u>

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

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

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,997,046	3,716,896
Trade and other receivables	4	352,631	567,119
Inventories	5	475	1,225
TOTAL CURRENT ASSETS		<u>3,350,152</u>	<u>4,285,240</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	12,058,259	11,840,355
Infrastructure	7	62,112,200	61,989,375
TOTAL NON-CURRENT ASSETS		<u>74,170,459</u>	<u>73,829,730</u>
TOTAL ASSETS		<u>77,520,611</u>	<u>78,114,970</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,149,124	655,101
Current portion of long term borrowings	9	83,878	80,198
Provisions	10	89,779	98,627
TOTAL CURRENT LIABILITIES		<u>1,322,781</u>	<u>833,926</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	610,693	694,571
Provisions	10	36,687	18,732
TOTAL NON-CURRENT LIABILITIES		<u>647,380</u>	<u>713,303</u>
TOTAL LIABILITIES		<u>1,970,161</u>	<u>1,547,229</u>
NET ASSETS		<u>75,550,450</u>	<u>76,567,741</u>
EQUITY			
Retained surplus		27,371,905	28,717,697
Reserves - cash backed	11	1,615,361	1,577,756
Revaluation surplus	13	46,563,184	46,272,288
TOTAL EQUITY		<u>75,550,450</u>	<u>76,567,741</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		26,797,955	2,034,335	3,385,434	32,217,724
Comprehensive income					
Net result		1,463,163	0	0	1,463,163
Changes on revaluation of assets	13	0	0	42,886,854	42,886,854
Total comprehensive income		1,463,163	0	42,886,854	44,350,017
Transfers from/(to) reserves		456,579	(456,579)	0	0
Balance as at 30 June 2015		28,717,697	1,577,756	46,272,288	76,567,741
Comprehensive income					
Net result		(1,308,187)	0	0	(1,308,187)
Changes on revaluation of assets	13	0	0	290,896	290,896
Total comprehensive income		(1,308,187)	0	290,896	(1,017,291)
Transfers from/(to) reserves		(37,605)	37,605	0	0
Balance as at 30 June 2016		27,371,905	1,615,361	46,563,184	75,550,450

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,796,021	1,844,860	1,637,277
Operating grants, subsidies and contributions		3,197,048	2,200,237	4,416,059
Fees and charges		172,144	167,717	150,442
Interest earnings		102,547	52,746	79,796
Goods and services tax		380,916	410,000	418,501
Other revenue		131,572	11,860	140,176
		<u>5,780,248</u>	<u>4,687,420</u>	<u>6,842,251</u>
Payments				
Employee costs		(1,341,996)	(1,747,828)	(1,549,760)
Materials and contracts		(3,497,783)	(4,604,493)	(2,987,963)
Utility charges		(110,607)	(103,150)	(93,834)
Interest expenses		(35,961)	(36,349)	(33,543)
Insurance expenses		(179,464)	(238,600)	(101,101)
Goods and services tax		(405,757)	(410,000)	(413,589)
Other expenditure		(329,465)	(140,769)	(195,326)
		<u>(5,901,033)</u>	<u>(7,281,189)</u>	<u>(5,375,116)</u>
Net cash provided by (used in) operating activities	14(b)	<u>(120,785)</u>	<u>(2,593,769)</u>	<u>1,467,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,674,861)	(1,942,218)	(713,003)
Payments for construction of infrastructure		(538,298)	(1,447,214)	(961,013)
Non-operating grants, subsidies and contributions		888,497	3,621,853	937,179
Proceeds from sale of fixed assets		805,795	520,000	132,713
Net cash provided by (used in) investment activities		<u>(518,867)</u>	<u>752,421</u>	<u>(604,124)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(80,198)	(80,198)	(54,761)
Proceeds from new debentures		0	0	400,000
Net cash provided by (used in) financing activities		<u>(80,198)</u>	<u>(80,198)</u>	<u>345,239</u>
Net increase (decrease) in cash held		(719,850)	(1,921,546)	1,208,250
Cash at beginning of year		3,716,896	3,716,896	2,508,646
Cash and cash equivalents at the end of the year	14(a)	<u><u>2,997,046</u></u>	<u><u>1,795,350</u></u>	<u><u>3,716,896</u></u>

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

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

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>2,078,105</u> 2,078,105	<u>2,129,953</u> 2,129,953	<u>91,790</u> 91,790
Revenue from operating activities (excluding rates)			
Governance	2,000	0	14,676
General purpose funding	1,246,305	1,184,825	3,526,128
Law, order, public safety	16,257	17,110	34,813
Health	25,847	17,300	472
Housing	25,378	18,000	44,805
Community amenities	14,897	14,700	38,971
Recreation and culture	13,084	7,500	3,674
Transport	1,682,999	333,493	1,313,661
Economic services	267,624	246,247	162,433
Other property and services	117,638	65,300	82,734
	<u>3,412,029</u>	<u>1,904,475</u>	<u>5,222,367</u>
Expenditure from operating activities			
Governance	(461,158)	(494,912)	(510,056)
General purpose funding	(403,649)	(179,273)	(330,562)
Law, order, public safety	(160,513)	(163,849)	(134,779)
Health	(94,903)	(93,402)	(86,972)
Education and welfare	(7,718)	(9,084)	(6,124)
Housing	(333,533)	(323,089)	(434,896)
Community amenities	(219,286)	(248,088)	(205,691)
Recreation and culture	(580,656)	(715,558)	(647,322)
Transport	(4,513,010)	(4,866,042)	(3,442,073)
Economic services	(574,055)	(666,519)	(607,725)
Other property and services	(36,264)	(23,167)	(17,094)
	<u>(7,384,745)</u>	<u>(7,782,983)</u>	<u>(6,423,294)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	21 (28,058)	0	0
Loss on disposal of assets	21 237,395	26,000	167,501
Movement in Accrued Interest	(214)	0	(216)
Movement in Accrued Salaries and Wages	3,532	0	1,364
Movement in employee benefit provisions (non-current)	17,955	0	(4,418)
Movement in employee benefit provisions	(8,847)	0	(73,554)
Depreciation and amortisation on assets	2(a) 1,148,194	1,165,455	1,171,960
Amount attributable to operating activities	<u>(524,654)</u>	<u>(2,557,100)</u>	<u>153,500</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	888,497	3,621,853	937,179
Proceeds from disposal of assets	21 805,795	520,000	132,713
Purchase of property, plant and equipment	6(b) (1,674,861)	(1,942,218)	(713,003)
Purchase and construction of infrastructure	7(b) (538,298)	(1,447,214)	(961,013)
Amount attributable to investing activities	<u>(518,867)</u>	<u>752,421</u>	<u>(604,124)</u>
FINANCING ACTIVITIES			
Repayment of debentures	22(a) (80,198)	(80,198)	(54,761)
Proceeds from new debentures	22(a) 0	0	400,000
Transfers to reserves (restricted assets)	11 (37,605)	(36,146)	(602,318)
Transfers from reserves (restricted assets)	11 0	76,163	1,058,897
Amount attributable to financing activities	<u>(117,803)</u>	<u>(40,181)</u>	<u>801,818</u>
Surplus(deficiency) before general rates	<u>(1,161,324)</u>	<u>(1,844,860)</u>	<u>351,194</u>
Total amount raised from general rates	23 1,776,032	1,844,860	1,726,911
Net current assets at June 30 c/fwd - surplus/(deficit)	24 <u><u>614,708</u></u>	<u><u>0</u></u>	<u><u>2,078,105</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

Provision for impairment of receivables

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

Provision for impairment of inventories

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

Estimation of useful lives of assets

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

Employee benefits provision

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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	35 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 10 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	41 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	23 years
gravel sheet	23 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	14 years
Footpaths - slab	not depreciated

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(q) Revenue

Rates, Grants, Donations and Other Contributions

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

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

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue (Continued)

Fees and Charges

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

Service Charges

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

Interest Earning

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

Other Revenue

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates, etc.

(r) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	<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>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

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

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	28,542	16,362
- Other services	1,114	40,794
Depreciation		
Buildings and Improvements	265,950	283,726
Furniture and equipment	11,084	9,263
Plant and equipment	455,687	467,003
Roads	412,655	411,949
Airport	2,818	19
	<u>1,148,194</u>	<u>1,171,960</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	35,747	33,217
Other	0	110
	<u>35,747</u>	<u>33,327</u>
(ii) Crediting as revenue:		
Significant revenue		
General purpose funding	<u>0</u>	<u>1,157,933</u>
This significant revenue in 2015 relates to the early payment of half the WA Grants Commission payment.		
Other revenue		
Reimbursements and recoveries	124,413	121,608
Other	7,159	18,568
	<u>131,572</u>	<u>140,176</u>
	2016 Actual	2016 Budget
	\$	\$
Interest earnings		2015 Actual
		\$
- Reserve funds	46,456	69,092
- Other funds	14,395	9,560
Other interest revenue (refer note 28)	41,696	1,144
	<u>102,547</u>	<u>79,796</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

Administration and operation facilities and services to the members of the Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern other specific functions/activities of the Shire are also recorded here.

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:

Food quality, pest control and immunisation services.

EDUCATION AND WELFARE

Objective:

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

Activities:

To promote education services through the education initiative.

HOUSING

Objective:

To provide housing for Shire of Yalgoo staff.

Activities:

Provision and maintenance of staff, rental and Joint Venture Housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, noise control, litter control, administration of town planning schemes, strategic planning, maintenance of the cemetery, public conveniences and town storm water drainage.

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum 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, drainage works, lighting of streets, maintenance of the depot and airstrips.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Regulation and provision of tourism services including the caravan park, area promotion, community activities, building control, noxious weeds and vermin control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Department of Planning Yalgoo Revitalisation	Community Amenities	31,226	0	(11,351)	19,875	0	0	19,875
Regional Tourism Strategy	Economic Services	40,994	0	(30,909)	10,085	0	0	10,085
MWIP- 2 Modular Staff Houses	Housing	360,000	0	(37,303)	322,697	0	(322,697)	0
Kidsports	Recreation & Culture	66,000	0	(44,225)	21,775	0	0	21,775
CLGF 2012-13	Economic Services	9,246	0	(9,246)	0	0	0	0
CLGF 2012-13	Recreation & Culture	54,521	0	0	54,521	0	(10,299)	44,222
Landcare Grant	Economic Services	0	20,000	0	20,000	0	(18,182)	1,818
RRG - Yalgoo/Ninghan Road	Transport	0	0	0	0	192,000	(37,406)	154,594
RRG - Yalgoo/North Road	Transport	0	0	0	0	48,000	(37,650)	10,350
R2R - Yalgoo/Ninghan Road	Transport	0	0	0	0	180,000	0	180,000
R2R - Yalgoo/Morawa Road	Transport	0	0	0	0	184,159	(178,904)	5,255
Total		561,987	20,000	(133,034)	448,953	604,159	(605,138)	447,974

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.
- (4) - At 30 June 2016 the Shire had committed this funding for use in accordance with the funding agreement.

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		883,005	1,631,349
Restricted		<u>2,114,041</u>	<u>2,085,547</u>
		<u><u>2,997,046</u></u>	<u><u>3,716,896</u></u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave reserve	11	44,852	43,808
Plant reserve	11	55,505	54,213
Building reserve	11	349,294	341,162
Yalgoo Ninghan Road Reserve	11	311,737	304,480
Sports Complex Reserve	11	87,200	85,170
Housing Maintenance Reserve	11	112,196	109,584
General Road Reserve	11	117,627	114,889
Community Amenities Maintenance Reserve	11	247,235	241,479
HCP Reserve	11	129,048	126,044
Yalgoo Morawa Reserve	11	138,058	134,844
Superannuation Back-Pay Reserve	11	22	22
Office Equipment Reserve	11	3,298	3,221
Natural Disaster Triggerpoint Reserve	11	11,658	11,387
Emergency Road Repairs Reserve	11	7,631	7,453
Unspent grants	2(c)	447,974	448,953
Unspent loans (not held in Building reserve)	22(c)	<u>50,706</u>	<u>58,838</u>
		<u><u>2,114,041</u></u>	<u><u>2,085,547</u></u>

4. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding		373,590	233,937
Sundry debtors		249,666	509,254
GST receivable		52,151	27,310
Telstra Technology Fund		40,248	0
Provision for Doubtful Debts		<u>(363,024)</u>	<u>(203,382)</u>
		<u><u>352,631</u></u>	<u><u>567,119</u></u>

Debtor Age Analysis

The ageing of the past due but not impaired receivables (Rates Outstanding and Sundry Debtors) are as follows:

0 to 3 months overdue	73,937	95,788
3 to 6 months overdue	0	0
Over 6 months overdue	<u>28,987</u>	<u>36,932</u>
	<u><u>102,924</u></u>	<u><u>132,720</u></u>

5. INVENTORIES

Current

Fuel and materials	<u>475</u>	<u>1,225</u>
	<u><u>475</u></u>	<u><u>1,225</u></u>

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

	2016	2015
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	155,000	175,000
	<u>155,000</u>	<u>175,000</u>
	<u>155,000</u>	<u>175,000</u>
Buildings and Improvements at:		
- Independent valuation 2014 - level 3	7,093,000	7,093,000
- Management valuation 2014- level 3	1,923,682	1,923,682
- Additions after valuation - cost	983,435	342,241
Less: accumulated depreciation	<u>(728,548)</u>	<u>(462,598)</u>
	9,271,569	8,896,325
	<u>9,271,569</u>	<u>8,896,325</u>
Total land and buildings	<u>9,426,569</u>	<u>9,071,325</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	16,090	0
- Management valuation 2013 - level 3	0	44,850
- Additions after valuation - cost	0	9,922
Less accumulated depreciation	<u>0</u>	<u>(18,363)</u>
	16,090	36,409
	<u>16,090</u>	<u>36,409</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	2,615,600	0
- Independent valuation 2013 - level 2	0	1,837,207
- Management valuation 2013 - level 3	0	543,915
- Additions after valuation - cost	0	1,168,455
Less accumulated depreciation	<u>0</u>	<u>(816,956)</u>
	2,615,600	2,732,621
	<u>2,615,600</u>	<u>2,732,621</u>
	<u>12,058,259</u>	<u>11,840,355</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 YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Land - freehold	175,000	0	(20,000)	0	0	155,000
Total land	175,000	0	(20,000)	0	0	155,000
Buildings and Improvements	8,896,325	641,194	0		(265,950)	9,271,569
Total buildings	8,896,325	641,194	0	0	(265,950)	9,271,569
Total land and buildings	9,071,325	641,194	(20,000)	0	(265,950)	9,426,569
Furniture and equipment	36,409	9,950	0	(19,185)	(11,084)	16,090
Plant and equipment	2,732,621	1,023,717	(995,132)	310,081	(455,687)	2,615,600
Total property, plant and equipment	11,840,355	1,674,861	(1,015,132)	290,896	(732,721)	12,058,259

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2014	Price per hectare / market borrowing rate
Buildings and Improvements	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2013	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Current condition, residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent valuer	June 2016	Market price per item

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

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Roads		
- Independent valuation 2015 - level 3	71,436,735	71,436,735
- Additions after valuation - cost	538,298	0
Less accumulated depreciation	<u>(11,343,147)</u>	<u>(10,930,492)</u>
	<u>60,631,886</u>	<u>60,506,243</u>
Airport		
- Management valuation 2015 - level 3	2,039,468	2,039,468
Less accumulated depreciation	<u>(559,154)</u>	<u>(556,336)</u>
	<u>1,480,314</u>	<u>1,483,132</u>
	<u><u>62,112,200</u></u>	<u><u>61,989,375</u></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 YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$
Roads	60,506,243	538,298	0	(412,655)	60,631,886
Airport	1,483,132	0	0	(2,818)	1,480,314
Total infrastructure	<u>61,989,375</u>	<u>538,298</u>	<u>0</u>	<u>(415,473)</u>	<u>62,112,200</u>

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

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

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	1,097,022	547,708
Accrued interest on debentures	1,784	1,998
Accrued salaries and wages	27,256	23,724
ATO liabilities	10,186	78,513
Other Payables	12,876	3,158
	1,149,124	655,101

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

	83,878	80,198
	83,878	80,198

Non-current

Secured by floating charge

 Debentures

	610,693	694,571
	610,693	694,571

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	66,907	31,720	98,627
Non-current provisions	0	18,732	18,732
	66,907	50,452	117,359
Additional provision	95,655	35,173	130,828
Amounts used	(102,756)	(18,965)	(121,721)
Balance at 30 June 2016	59,806	66,660	126,466
Comprises			
Current	59,806	29,973	89,779
Non-current	0	36,687	36,687
	59,806	66,660	126,466

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

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	43,808	1,044	0	44,852	43,808	1,108	0	44,916	97,549	2,259	(56,000)	43,808
Plant reserve	54,213	1,292	0	55,505	54,212	1,353	(50,000)	5,565	293,874	10,339	(250,000)	54,213
Building reserve	341,162	8,132	0	349,294	341,163	8,525	(26,163)	323,525	564,501	419,861	(643,200)	341,162
Yalgoo Ninghan Road Reserve	304,480	7,257	0	311,737	304,480	4,313	0	308,793	166,699	137,781	0	304,480
Sports Complex Reserve	85,170	2,030	0	87,200	85,170	2,129	0	87,299	107,402	3,778	(26,010)	85,170
Housing Maintenance Reserve	109,584	2,612	0	112,196	109,583	2,739	0	112,322	105,859	3,725	0	109,584
General Road Reserve	114,889	2,738	0	117,627	114,889	2,872	0	117,761	110,984	3,905	0	114,889
Community Amenities Maintenance Reserve	241,479	5,756	0	247,235	241,478	6,035	0	247,513	233,271	8,208	0	241,479
HCP Reserve	126,044	3,004	0	129,048	126,044	3,150	0	129,194	121,760	4,284	0	126,044
Yalgoo Morawa Reserve	134,844	3,214	0	138,058	134,845	3,370	0	138,215	130,261	4,583	0	134,844
Superannuation Back-Pay Reserve	22	0	0	22	22	0	0	22	80,863	2,846	(83,687)	22
Office Equipment Reserve	3,221	77	0	3,298	3,221	81	0	3,302	3,112	109	0	3,221
Road Agreement YA-NI Rd Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Natural Disaster Triggerpoint Reserve	11,387	271	0	11,658	11,387	285	0	11,672	11,000	387	0	11,387
Emergency Road Repairs Reserve	7,453	178	0	7,631	7,453	186	0	7,639	7,200	253	0	7,453
	<u>1,577,756</u>	<u>37,605</u>	<u>0</u>	<u>1,615,361</u>	<u>1,577,755</u>	<u>36,146</u>	<u>(76,163)</u>	<u>1,537,738</u>	<u>2,034,335</u>	<u>602,318</u>	<u>(1,058,897)</u>	<u>1,577,756</u>

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

12 RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	N/A	- to be used to fund annual and long service leave requirements.
Plant reserve	N/A	- to be used to fund the purchase of major plant.
Building reserve	N/A	- to be used for the replacement of council properties including housing and other properties.
Yalgoo Ninghan Road Reserve	N/A	- to be used to maintain the sealed Yalgoo Ninghan Road.
Sports Complex Reserve	N/A	- for the development of new recreational facilities.
Housing Maintenance Reserve	N/A	- to be used for the maintenance of staff and other housing owned by the Shire.
General Road Reserve	N/A	- to be used for the maintenance of grids, etc. on roads in the Shire.
Community Amenities Maintenance Reserve	N/A	- to be used for the maintenance of community amenities.
HCP Reserve	N/A	- to be used for future community projects operating expenditure.
Yalgoo Morawa Reserve	N/A	- to be used to maintain the sealed Yalgoo Morawa Road.
Superannuation Back-Pay Reserve	N/A	- to be used for the purpose of paying any superannuation back pay costs.
Office Equipment Reserve	N/A	- to be used for the purpose of purchase of new office equipment and the maintenance of existing equipment.
Road Agreement YA-NI Rd Reserve	N/A	- to be used for asset renewal of the Yalgoo Ninghan Road relating to Restricted Access Vehicles.
Natural Disaster Triggerpoint Reserve	N/A	- to be used to fund the Shire's mandatory contribution ("Triggerpoint") when the Shire received funding for the reparatiion after natural disaster events.
Emergency Road Repairs Reserve	N/A	- to be used to fund emergency repairs to roads that are damaged by unfunded events (e.g. unfunded storm damages, vehicular etc.)

The leave and plant reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

13 REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Transfer between Categories	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Buildings and Improvements	1,163,849	0	0	0	1,163,849	2,089,567	0	0	(925,718)	0	1,163,849
Furniture and equipment	44,850	0	(19,185)	(19,185)	25,665	44,850	0	0	0	0	44,850
Plant and equipment	1,251,017	310,081	0	310,081	1,561,098	1,251,017	0	0	0	0	1,251,017
Roads	42,485,242	0	0	0	42,485,242	0	42,485,242	0	0	42,485,242	42,485,242
Airports	1,327,330	0	0	0	1,327,330	0	401,612	0	925,718	401,612	1,327,330
	46,272,288	310,081	(19,185)	290,896	46,563,184	3,385,434	42,886,854	0	0	42,886,854	46,272,288

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>2,997,046</u>	<u>1,795,350</u>	<u>3,716,896</u>

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

Net result	(1,308,187)	(411,795)	1,463,163
Non-cash flows in Net result:			
Depreciation	1,148,194	1,165,455	1,171,960
(Profit)/Loss on sale of asset	209,337	26,000	167,501
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	214,488	528,085	(407,111)
(Increase)/Decrease in inventories	750	0	794
Increase/(Decrease) in payables	494,023	(279,661)	85,979
Increase/(Decrease) in provisions	9,107	0	(77,972)
Grants contributions for the development of assets	<u>(888,497)</u>	<u>(3,621,853)</u>	<u>(937,179)</u>
Net cash from operating activities	<u>(120,785)</u>	<u>(2,593,769)</u>	<u>1,467,135</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2016	2015
	\$	\$
Bank overdraft limit	50,000	50,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	<u>0</u>	<u>0</u>
Total amount of credit unused	<u>55,000</u>	<u>55,000</u>
Loan facilities		
Loan facilities - current	83,878	80,198
Loan facilities - non-current	<u>610,693</u>	<u>694,571</u>
Total facilities in use at balance date	<u>694,571</u>	<u>774,769</u>
Unused loan facilities at balance date	<u>400,000</u>	<u>400,000</u>

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

15. CONTINGENT LIABILITIES

There were no known contingent liabilities as at the 30th June 2016.

16. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
The Shire did not have any future operating lease commitments at the reporting date.		
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	459,412	404,243
- plant & equipment purchases	0	200,000
Payable:		
- not later than one year	459,412	454,243
- one year to five years	0	150,000

The capital expenditure outstanding at the end of the current year relates to a contract awarded for the gravel resheeting and shoulder binding of Yalgoo/Ningham Road.

The capital expenditure project outstanding at the end of the prior reporting period represents the construction of two modular staff homes and software licence agreement.

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	3,396	3,670
General purpose funding	21,200	146,988
Law, order, public safety	267,125	226,235
Health	777,688	729,389
Housing	3,108,734	2,610,599
Community amenities	948,464	941,198
Recreation and culture	4,089,780	4,112,398
Transport	64,198,883	65,135,413
Economic services	1,528,663	1,588,151
Other property and services	1,097,522	611,387
Unallocated	1,479,156	2,009,542
	<u>77,520,611</u>	<u>78,114,970</u>

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

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	0.97	2.78	0.11
Asset sustainability ratio	0.36	1.32	0.56
Debt service cover ratio	(8.74)	19.65	12.11
Operating surplus ratio	(1.00)	0.25	(0.20)
Own source revenue coverage ratio	0.30	0.32	0.38

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,157,933.

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

	2016	2015
Debt service cover ratio	1.25	6.51
Operating surplus ratio	0.47	(0.30)

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

20. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Bus Bonds	450	0	0	450
Bus Yalgoo Hall - Annual Bond	300	0	0	300
Hall Bonds	150	0	0	150
Casual Complex	1,150	0	0	1,150
Casual Bus	0	100	0	100
Yamatjii Hall	150	0	0	150
Housing Bonds Other	5,584	2,560	0	8,144
Land Auction Proceeds	2,500	0	0	2,500
Library Bonds	25	0	0	25
Post Office Bonds	30	0	0	30
Musum Account	9,220	0	0	9,220
Unclassified	(227)	227	0	0
Candidates Deposits	160	160	0	320
	<u>19,492</u>			<u>22,539</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Land								
37 Piesse St - Vacant Land	10,000	0	0	(10,000)	0	0	0	0
39 Piesse ST - Vacant Land	10,000	0	0	(10,000)	0	0	0	0
Plant and Equipment								
Governance								
Motor Vehicle EMC YA805	22,709	20,636	0	(2,073)	27,300	26,000	0	(1,300)
Motor Vehicle CEO YA0	62,489	57,273	0	(5,216)	70,350	67,000	0	(3,350)
Recreation and culture								
Motor Vehicle Parks YA499	0	0	0	0	23,100	22,000	0	(1,100)
Transport								
Catapillar Grader 140H	198,000	121,700	0	(76,300)	126,000	120,000	0	(6,000)
Catapillar Grader 953C	111,048	91,864	0	(19,184)	57,750	55,000	0	(2,750)
Catapillar Grader 12H	177,115	108,000	0	(69,115)	113,400	108,000	0	(5,400)
Catapillar NC2 Prime Mover	199,185	226,909	27,724	0				
Motor vehicle Works YA827	0	0	0	0	28,350	27,000	0	(1,350)
Motor Vehicle Centrecare YA800	21,864	19,545	0	(2,319)	29,400	28,000	0	(1,400)
Motor Vehicle EMWI YA840	65,473	60,000	0	(5,473)	70,350	67,000	0	(3,350)
Concrete Truck Prime Mover	13,261	4,553	0	(8,708)	0	0	0	0
Batching Plant Agitator	16,794	7,691	0	(9,103)	0	0	0	0
Boomlift	5,592	1,989	0	(3,603)	0	0	0	0
Bitumen Emulsion System	28,236	11,935	0	(16,301)	0	0	0	0
Semi Water Tanker	73,366	73,700	334	0	0	0	0	0
	<u>1,015,132</u>	<u>805,795</u>	<u>28,058</u>	<u>(237,395)</u>	<u>546,000</u>	<u>520,000</u>	<u>0</u>	<u>(26,000)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Loan 53 - 19a & b Stanley	140,226	0	12,751	12,751	127,475	127,475	8,926	9,103
Loan 55 - 18c & d Shamrock	181,581	0	15,443	15,443	166,138	166,138	11,283	11,467
Loan 56 - Staff Housing	377,729	0	45,564	45,564	332,165	332,165	11,139	11,139
Community amenities								
Loan 54 - Public Toilets	75,233	0	6,440	6,440	68,793	68,793	4,399	4,640
	<u>774,769</u>	<u>0</u>	<u>80,198</u>	<u>80,198</u>	<u>694,571</u>	<u>694,571</u>	<u>35,747</u>	<u>36,349</u>
	<u>774,769</u>	<u>0</u>	<u>80,198</u>	<u>80,198</u>	<u>694,571</u>	<u>694,571</u>	<u>35,747</u>	<u>36,349</u>

All loan repayments were financed by general purpose revenue.

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

22. INFORMATION ON BORROWINGS (Continued)

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

(c) Unspent Debentures

Particulars	Date	Balance	Borrowed	Expended	Balance
	Borrowed	1 July 15	During	During	30 June 16
		\$	\$	\$	\$
Purchase of Staff Housing		400,000	0	0	400,000
		400,000	0	0	400,000

The Shire had an unspent debenture fund of \$400,000 as at 30 June 2016. The amount of \$400,000 was transferred to building reserve in 2015. The building reserve has a balance of \$349,294. The balance of \$50,706 is an additional restriction of cash in the Municipal Fund as at 30 June 2016.

(d) Overdraft

The Shire established an overdraft facility of \$50,000.
The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was nil.

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

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate											
Gross rental value valuations											
GRV - Townsite Improved	0.0745	33	279,123	20,808	0	0	20,808	19,484	25,000	0	44,484
GRV - Townsites Vacant	0.0745	0	0	0	0	0	0	0	0	0	0
Unimproved value valuations											
UV - Pastoral/Rural	0.0658	22	843,727	55,476	(50,602)	0	4,874	55,491	0	0	55,491
UV - Mining/Mining Tenement	0.3743	131	4,169,378	1,560,609	5,184	0	1,565,793	1,541,414	0	0	1,541,414
UV - Exploration/ Prospecting	0.1988	111	731,548	145,450	427	0	145,877	166,331	0	0	166,331
Sub-Total		297	6,023,776	1,782,343	(44,991)	0	1,737,352	1,782,720	25,000	0	1,807,720
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Townsite Improved	270	5	11,284	1,350	0	0	1,350	1,350	0	0	1,350
GRV - Townsites Vacant	620	11	1,550	6,820	0	0	6,820	7,440	0	0	7,440
Unimproved value valuations											
UV - Pastoral/Rural	270	3	4,573	810	0	0	810	810	0	0	810
UV - Mining/Mining Tenement	270	29	16,983	8,640	0	0	8,640	8,100	0	0	8,100
UV - Exploration/ Prospecting	270	78	0	21,060	0	0	21,060	19,440	0	0	19,440
Sub-Total		126	34,390	38,680	0	0	38,680	37,140	0	0	37,140
Total amount raised from general rate		423	6,058,166	1,821,023	(44,991)	0	1,776,032	1,819,860	25,000	0	1,844,860
Totals							<u>1,776,032</u>				<u>1,844,860</u>
							<u>1,776,032</u>				<u>1,844,860</u>

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

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>614,708</u>	<u>2,078,105</u>	<u>2,078,105</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	883,005	1,631,349	1,631,349
Restricted	2,114,041	2,085,547	2,085,547
Receivables			
Rates outstanding	373,590	233,937	233,937
Sundry debtors	249,666	509,254	509,254
GST receivable	52,151	27,310	27,310
Telstra Technology Fund	40,248	0	
Provision for Doubtful Debts	(363,024)	(203,382)	(203,382)
Inventories			
Fuel and materials	475	1,225	1,225
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,097,022)	(547,708)	(547,708)
Accrued interest on debentures	(1,784)	(1,998)	(1,998)
Accrued salaries and wages	(27,256)	(23,724)	(23,724)
ATO liabilities	(10,186)	(78,513)	(78,513)
Other Payables	(12,876)	(3,158)	(3,158)
Trust Liability	0	0	
Current portion of long term borrowings	(83,878)	(80,198)	(80,198)
Provisions			
Provision for annual leave	(59,806)	(66,907)	(66,907)
Provision for long service leave	(29,973)	(31,720)	(31,720)
Unadjusted net current assets	<u>2,027,371</u>	<u>3,451,314</u>	<u>3,451,314</u>
Adjustments			
Less: Reserves - restricted cash	(1,615,361)	(1,577,756)	(1,577,756)
Add: Current portion of long term borrowings	83,878	80,198	80,198
Accrued salaries and wages	27,256	23,724	23,724
Provisions	89,780	98,627	98,627
Accrued interest on debentures	1,784	1,998	1,998
Adjusted net current assets - surplus/(deficit)	<u><u>614,708</u></u>	<u><u>2,078,105</u></u>	<u><u>2,078,105</u></u>

Difference

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

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

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

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

No discount on rates was offered for the year 2015/16.

The Council offered a rate incentive scheme for the 2015/16 financial year.

- Cash prize of \$1,000 to the first drawn of the ratepayers who paid their rates by due date and in one lump sum.

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

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

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	23-Oct-15	0	0.00%	11.00%
Option Two				
First Instalment	23-Oct-15	10	5.50%	11.00%
Second Instalment	23-Dec-15	10	5.50%	11.00%
Third Instalment	23-Feb-16	10	5.50%	11.00%
Fourth Instalment	26-Apr-16	10	5.50%	11.00%

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	37,776	1,500
Interest on instalment plan	3,920	100
	41,696	1,600
Charges on instalment plan	12,444	9,900
	12,444	9,900

SHIRE OF YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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29. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	17,087	9,023
Law, order, public safety	3,687	692
Health	268	472
Housing	17,815	12,392
Community amenities	14,897	13,744
Recreation and culture	1,091	3,674
Transport	650	50
Economic services	115,024	106,615
Other property and services	1,625	3,780
	<u>172,144</u>	<u>150,442</u>

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

30. GRANT REVENUE

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

By Program:	2016	2016	2015
	\$	Budget	\$
		\$	
Operating grants, subsidies and contributions			
Governance	2,000	0	0
General purpose funding	1,119,809	1,119,809	3,436,322
Law, order, public safety	12,570	12,550	34,121
Health	25,579	0	0
Community amenities	0	0	20,000
Recreation and culture	11,780	5,300	0
Transport	1,654,291	332,493	1,307,510
Economic services	151,000	154,000	54,000
Other property and services	679	48,000	0
	<u>2,977,708</u>	<u>1,672,152</u>	<u>4,851,953</u>
Non-operating grants, subsidies and contributions			
Recreation and culture	0	0	36,477
Transport	888,497	3,621,853	693,202
Economic services	0	0	207,500
	<u>888,497</u>	<u>3,621,853</u>	<u>937,179</u>
	<u>3,866,205</u>	<u>5,294,005</u>	<u>5,789,132</u>

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

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

21	21
----	----

32. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Meeting Fees	23,381	23,573	37,660
President's allowance	10,475	8,939	8,976
Deputy President's allowance	1,552	2,235	1,685
Travelling expenses	39,611	66,000	60,304
Telecommunications allowance	16,334	21,000	19,540
	91,353	121,747	128,165

33. MAJOR LAND TRANSACTIONS

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

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,997,046	3,716,896	2,997,046	3,716,896
Receivables	352,631	567,119	352,630	567,119
	<u>3,349,677</u>	<u>4,284,015</u>	<u>3,349,676</u>	<u>4,284,015</u>
Financial liabilities				
Payables	1,149,124	655,101	1,149,124	655,101
Borrowings	694,571	774,769	763,515	853,870
	<u>1,843,695</u>	<u>1,429,870</u>	<u>1,912,639</u>	<u>1,508,971</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 YALGOO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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.

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	32,632	26,946
- Statement of Comprehensive Income	32,632 ⁽¹⁾	26,946 ⁽¹⁾

Notes:

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

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

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:

	2016	2015
Percentage of rates and annual charges		
- Current	3%	4%
- Overdue	97%	96%
Percentage of other receivables		
- Current	16%	25%
- Overdue	84%	75%

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

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>2016</u>					
Payables	1,149,124	0	0	1,149,124	1,149,124
Borrowings	116,546	466,184	264,584	847,314	694,571
	<u>1,265,670</u>	<u>466,184</u>	<u>264,584</u>	<u>1,996,438</u>	<u>1,843,695</u>
<u>2015</u>					
Payables	655,101	0	0	655,101	655,101
Borrowings	116,767	467,007	448,132	1,031,906	774,769
	<u>771,868</u>	<u>467,007</u>	<u>448,132</u>	<u>1,687,007</u>	<u>1,429,870</u>

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

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	
	\$	\$	\$	\$	\$	\$	\$	%	
<u>Year ended 30 June 2016</u>									
Borrowings									
Fixed rate									
Debentures	83,878	87,752	91,831	96,127	100,652	234,331	694,571	4.86%	
Weighted average									
<u>Year ended 30 June 2015</u>									
Borrowings									
Fixed rate									
Debentures	0	0	0	0	0	774,769	774,769	4.94%	
Weighted average									



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INDEPENDENT AUDITOR'S REPORT

TO THE RATEPAYERS OF

SHIRE OF YALGOO

Report on the financial report

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

Chief Executive Officer's responsibility for the financial report

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

Auditor's responsibility

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion on the financial report and our qualified audit opinion on statutory compliance.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the financial report

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

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

Report on statutory compliance

Basis for qualified opinion

The July 2015, August 2015 and September 2015 statements of financial activity were not presented at an ordinary meeting of Council within two months after the end of the month to which the statement relates as required by Regulation 34(4)(a) of the *Local Government (Financial Management) Regulations 1996*.

Auditor's qualified opinion on statutory compliance

In our opinion, except for the matter described in the basis for qualified opinion paragraph, we did not, during the course of our audit, become aware of any further instances where the Shire of Yalgoo did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they relate to the financial report.



RSM AUSTRALIA PTY LTD



D J WALL
Director

Perth, WA
Dated: 13 December 2016

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

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.85	0.61	0.58
Asset renewal funding ratio	0.90	0.91	0.84

The above ratios are calculated as follows:

Asset consumption ratio	<u>depreciated replacement costs of assets</u> current replacement cost of depreciable assets
Asset renewal funding ratio	<u>NPV of planning capital renewal over 10 years</u> NPV of required capital expenditure over 10 years