



A Fortunate Place



Shire of Wickepin

Annual Report

2015-2016

15/16



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Office hours: 8.30am – 4.30pm
 Monday to Friday



Council Overview

The Shire of Wickepin is a local government consisting of eight elected councillors. The council members elect the President and Deputy President every two years.

The current members of the Shire of Wickepin are:

| | | | <i>Elected</i> | <i>Retires October</i> |
|-------------------|-----------|------------------|----------------|------------------------|
| Cr Julie Russell | 9888 1097 | President | 2005 | 2019 |
| Cr Wes Astbury | 9883 1021 | Deputy President | 2013 | 2017 |
| Cr Grayden Lang | 9888 4001 | | 2013 | 2017 |
| Cr Ross Easton | 9883 2002 | | 2005 | 2017 |
| Cr Steven Martin | 9888 6062 | | 2001 | 2017 |
| Cr Gerri Hinkley | 9883 2062 | | 2007 | 2019 |
| Cr Fran Allan | 9888 7071 | | 2008 | 2019 |
| Cr Allan Lansdell | 9888 1449 | | 2011 | 2019 |

Council Meetings

Full council meetings are held on the third Wednesday of the month commencing at 3.30pm. By resolution no meeting is held in January.

Residents are reminded that 15 minutes public question time is held at the beginning of each meeting where questions may be asked with or without notice or an issue considered relevant to the operation of council. In some cases prior notification of a proposed question is considered prudent, particularly if the matter requires some research. Residents are also permitted to attend the whole council meeting if desired, however are not permitted to speak (unless directed by the President) or take part in debate on any agenda item.

Elections

Elections are normally every two years. Voting at council elections is not compulsory; however participation by residents in elections is vital to the effectiveness of local government. Residents not included on the State Electoral Roll should contact the Australian Electoral Commission.

If you are a non-resident owner or occupier of rateable property in your local government area and are on the State Electoral Roll you are eligible to enrol to vote and you need to make an enrolment application to the Shire of Wickepin.

Council Staff

| | | |
|---------------------------------------|----------------|--|
| Chief Executive Officer | Mark Hook | ceo@wickepin.wa.gov.au |
| Deputy Chief Executive Officer | Natalie Manton | dceo@wickepin.wa.gov.au |
| Manager Works & Services | Peter Vlahov | works@wickepin.wa.gov.au |
| Executive Support Officer | Leah Pearson | eso@wickepin.wa.gov.au |
| Finance Officer | Amanda Bullock | finance@wickepin.wa.gov.au |
| Customer Service Officer | Aleeha Turner | admin@wickepin.wa.gov.au |
| EHO/Building Surveyor | Allan Ramsay | eho@wickepin.wa.gov.au |
| Community Development Officer | Lee Parker | cdo@wickepin.wa.gov.au |

| | |
|----------------------------------|---|
| Works Foreman | Peter Bransby |
| Leading Hand Construction | Peter Arnol |
| Mechanic | Cameron Charles |
| Grader Drivers | Peter Arnol, Colin Plumb |
| Plant Operators | Trevor Tapping, Matt Pockran, Justin Smith, Bob Read |
| Refuse & Recycling | Peter Marsh |
| Gardener | Graeme Wilson |
| Gardener | Allan Hemley |
| Cleaners | Janet Thorley, Kelly Cochrane, Maureen Preedy |



| | |
|------------------------------|----------------|
| Contractors | James Matthews |
| Swimming Pool Manager | |



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

| | |
|---------------------|---|
| Town Planner | Landvision Land Planning & Mapping Consultants Suite 5, 16 Nicholson Road Subiaco 6008 |
|---------------------|---|



| | |
|-------------|---|
| Bank | ANZ Bintamilling Arcade Narrogin 6312 |
|-------------|---|



| | |
|----------------------------------|-----------|
| Services | |
| Council Depot | 9888 1252 |
| Wickepin Swimming Pool | 9888 1015 |
| Wickepin Caravan Park | 9888 1089 |
| Wickepin Community Centre | 9888 1125 |
| Yealering Caravan Park | 9888 7014 |
| Harrismith Caravan Park | 9883 1010 |



President's Report

It gives me great pleasure to present my President's report on the Wickepin Shire Council's activities for the 2015/2016 financial year.

Council has made a significant investment in maintaining and improving community assets throughout the Shire of Wickepin. State and Federal grant funds and Council's own rate income allowed the Wickepin Shire to invest in the infrastructure required for a sustainable community.

The Shire of Wickepin had a rural rate increase of 3% and a town rate increase of 4% for 2015/2016, which is necessary to keep pace with the general CPI and to allow for further improvements along with an increased level of services and infrastructure.

Financial Assistance Grants

The Shire of Wickepin Acknowledges the importance of its Federal Grants through the Financial Assistance Grants program for the continued delivery of Council's services and infrastructure. The Shire of Wickepin wishes to acknowledge that Council received \$ 1,462,346 in 2015/2016 under the Financial Assistance Grants Scheme.

2015-2016 Major Achievements

1. Johnston Park - Creating Age Friendly Communities initiative \$59,000
2. Wickepin Cemetery Upgrade \$40,000
3. Harrismith Cemetery Entrance Upgrade \$10,000
4. Upgrade Railway Station Wickepin \$45,650
5. Lake Yealering Bowling Club Synthetic Green \$168,896
6. Yealering Tourist Information Bay \$7,140
7. Footpath Program - Harrismith \$12,000
8. Pool Cover Wickepin Swimming Pool \$20,500



Roads, Plant and Infrastructure

Council has continued its significant contribution to the ongoing maintenance and upgrade of the Shire road network during the 2015/2016 financial year and undertook a \$ 1,578,005 road program this year.

Council undertook the following road and footpath program in 2015/2016:

| Road Name | Works | Total |
|--------------------------------|---|--------------|
| Pingelly Wickepin | Shoulder & Culvert Widening, Reconstruct, Prime & Seal Various Sections | 178,728 |
| Wickepin Corrigin | Final Seal | 57,138 |
| Wickepin Harrismith | Final Seal | 99,404 |
| Leeson | Gravel sheeting, widening, reduction of veg & signs | 60,551 |
| Keeping Street | Reseal | 16,486 |
| Campbell Street | Reseal, Repair tree damage Asphalt Memorial Car park | 61,528 |
| Angwin | Gravel sheeting, widening and Clearing | 59,282 |
| Lake | Gravel sheeting, widening and Clearing | 61,121 |
| Townsendale | Gravel sheeting, widening and Clearing | 58,551 |
| Fence | Reseal | 133,141 |
| Wickepin North | Reseal | 9,809 |
| Lomos South Road | Reconstruct Cement Stabilisation stage 1 | 220,823 |
| Railway Avenue | Footpath | 12,700 |
| Yealering Town site | Kerb and Reseal Tourist Information Bay | 10,100 |
| Wedin South Road | Gravel sheeting, widening, reduction of veg & signs | 42,321 |
| Wogolin South | Gravel sheeting, widening, reduction of veg & signs | 2,130 |
| Drainage and headwalls | Cleaning and upgrading culverts& drainage structures | 4,228 |
| Bridges & Culverts Maintenance | Various roads | 20,785 |
| Tree Lopping | contract lopping | 55,000 |
| Annual Maint Program | Maintenance Grading Kerbing Plover St | 280,344 |
| Toolibin North | Widen formation to 10 metres and apply 7 metre wide. Remove vegetation, install new signs (STAGE 1) | 56,491 |
| 86 Gate | Reduce angles of batter slopes on approaches to culvert and bridge structures. Install safety barrier on both sides of bridge and culvert structure, upgrade signage (NOT STAGED) | 77,347 |

The Federal Governments Roads to Recovery Program continued in 2015/16. The objective of the Roads to Recovery program is to contribute to the Infrastructure Investment Programme through supporting maintenance of the nation's local road infrastructure asset, which facilitates greater access for Australians and improved safety, economic and social outcomes.

From 2014-15 to 2018-19 the Government will provide \$3.2 billion under the Roads to Recovery programme, to be distributed to Australia's local councils; state and territory Governments responsible for local roads in the unincorporated areas (where there are no councils), and the Indian Ocean Territories.

The Roads to Recovery allocations for the councils in each jurisdiction (except the ACT as it is a unitary jurisdiction) have been determined on the basis of the recommendations of the Local Government Grants Commissions in each state and the Northern Territory for the roads component of the Financial Assistance Grants. This is the same methodology as was used for this purpose in previous Roads to Recovery programmes.

As announced on 23 June 2015, Councils across Australia will receive an extra \$1.105 billion over the next two years. Local governments will receive an extra \$300 million in 2015-16 under Roads to Recovery, on top of the \$700 million they are already receiving – a \$1 billion cash injection in local roads in the 15/16 financial year. In 2016-17, local governments will receive an extra \$805 million in addition to the \$350 million they were already scheduled to receive under Roads to Recovery – a total of \$1.155 billion in the 16/17 financial year.

The Shire of Wickepin allocation under the Roads to Recovery Program is:

| Original Life of Programme Funding | New Funding from Fuel Excise Change | New Life of Programme Funding | New 15-16 Allocation Up To | New 16-17 Allocation Up To | 17-18 Allocation Up To | 18-19 Allocation Up To |
|------------------------------------|-------------------------------------|-------------------------------|----------------------------|----------------------------|------------------------|------------------------|
| \$1,415,572 | \$745,343 | \$2,160,915 | \$674,212 | \$778,917 | \$235,929 | \$235,929 |

Council is very conscious of the need to maintain the shire's road network to a high standard and the Manager of Works, Mr Peter Vlahov, as well as the outside works staff team, are to be commended on their continued good work and achievements once again this year.

Staff

On behalf of the Wickepin Shire community I would like to thank CEO Mark Hook, Deputy CEO Natalie Manton, and the inside staff team for their continued outstanding efforts over the past year.

Council strives to achieve the best outcomes for all of our communities, and continues to endeavour to secure additional services, as well as ensuring the road network and infrastructure programs benefit all of the communities in the Shire of Wickepin.

I sincerely thank Deputy Shire President Cr Wes Astbury for his support and all fellow councillors for their contribution and personal support over the 2015/2016 Financial Year.

Thank You

Cr Julie Russell
Shire President J.P

Chief Executive Officer's Report

It is with much pleasure that I present my Chief Executive Officers Report to the Shire of Wickepin and the Wickepin Community for the year ending 30 June 2016.

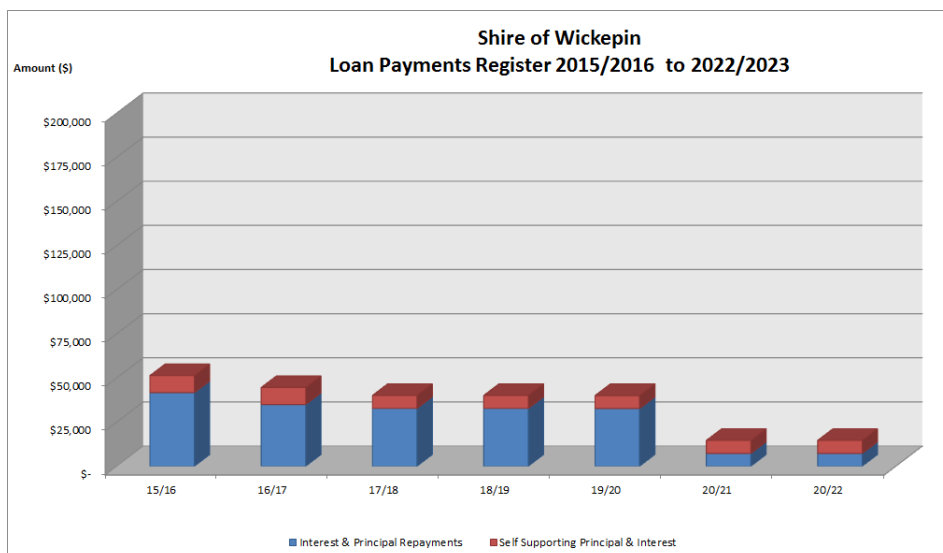
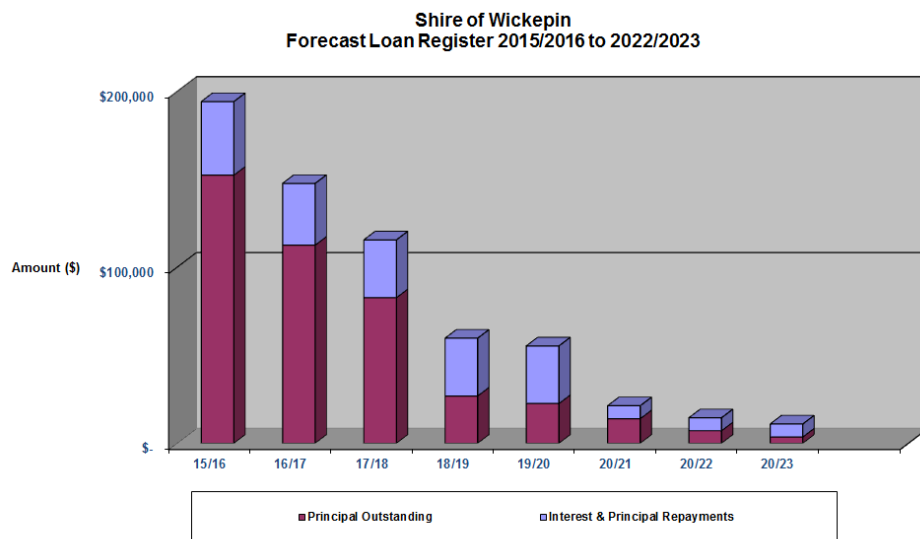
Staff

The Shire Administration staff movements have been static this year and I would like to thank all the staff for their hard work and dedication during the 2015/2016 financial year. Welcome to Aleeha Turner who has joined the Shire of Wickepin administration staff this year in the position of Customer Service Officer. Amanda Bullock has been promoted to the position of Finance Officer.

An increasingly large road construction and maintenance program was accomplished during the year by a very capable Outside Works staff, led by Peter Vlahov. Thank you to all the outside staff for their dedication and high work levels to the Shire of Wickepin.

Loans

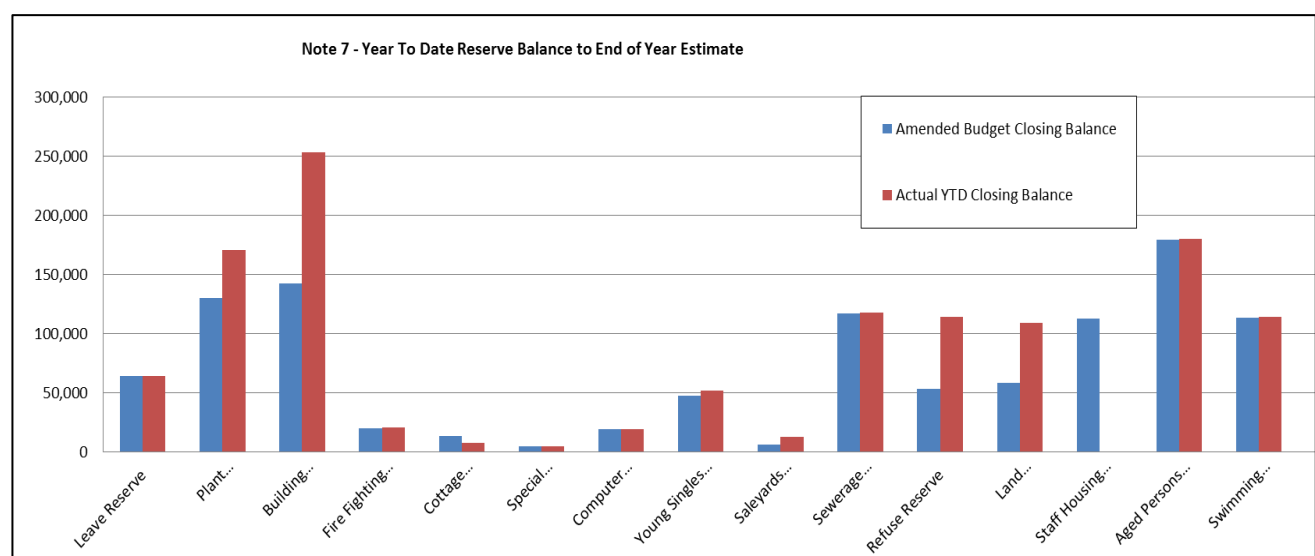
Council generally tries to have a no Loan Policy other than for self-supporting loans to support Wickepin community and sporting groups. Council was able to carry this philosophy over into the 2015/2016 financial year and no new loans were raised during the 2015/5016 financial year.



Finance

At the end of the financial year for 2015/2016 the situation in relation to Council's reserve funds is as follows:

| SHIRE OF WICKEPIN | | | | | | | | | | | |
|--|------------------|--------------------------------|------------------------|---------------------------------|-------------------------|----------------------------------|--------------------------|------------------------|--------------------------------|----------------------------|--|
| NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY | | | | | | | | | | | |
| For the Period Ended 30 June 2016 | | | | | | | | | | | |
| <u>Note 7: Cash Backed Reserve</u> | | | | | | | | | | | |
| 2015-16 | | Amended Budget Interest Earned | Actual Interest Earned | Amended Budget Transfers In (+) | Actual Transfers In (+) | Amended Budget Transfers Out (-) | Actual Transfers Out (-) | Transfer out Reference | Amended Budget Closing Balance | Actual YTD Closing Balance | |
| Name | Opening Balance | | | | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | \$ | \$ | |
| Leave Reserve | 63,028 | 1,428 | 1,683 | 0 | | 0 | 0 | | 64,456 | 64,711 | |
| Plant Replacement Reserve | 115,912 | 2,627 | 3,758 | 12,000 | 51,575 | 0 | 0 | | 130,539 | 171,245 | |
| Building Reserve | 90,304 | 2,047 | 4,473 | 50,000 | 158,729 | 0 | 0 | tsf from building res | 142,351 | 253,506 | |
| Fire Fighting Reserve | 20,111 | 456 | 537 | 0 | 0 | 0 | 0 | | 20,567 | 20,648 | |
| Cottage Homes Reserve | 4,821 | 109 | 167 | 9,000 | 3,000 | 0 | 0 | | 13,930 | 7,988 | |
| Special Events Reserve | 4,682 | 106 | 125 | 0 | | 0 | | | 4,788 | 4,807 | |
| Computer Reserve | 24,058 | 545 | 578 | 0 | | (5,000) | (5,000) | | 19,603 | 19,636 | |
| Young Singles Accommodation Reserve | 38,905 | 882 | 1,193 | 8,000 | 12,000 | 0 | | | 47,787 | 52,098 | |
| Saleyards Reserve | 11,970 | 271 | 326 | 4,000 | 500 | (10,000) | | | 6,241 | 12,796 | |
| Sewerage Reserve | 95,505 | 2,165 | 2,808 | 20,000 | 20,000 | 0 | | | 117,670 | 118,313 | |
| Refuse Reserve | 111,113 | 2,518 | 2,967 | 0 | | (60,000) | | | 53,631 | 114,080 | |
| Land Development Reserve | 106,362 | 2,411 | 2,840 | 0 | | (50,000) | | | 58,773 | 109,202 | |
| Staff Housing Reserve | 110,243 | 2,498 | 1,486 | 0 | 0 | 0 | (111,729) | tsf to building res | 112,741 | 0 | |
| Aged Persons Accommodation Reserve | 175,362 | 3,975 | 4,683 | 0 | | 0 | | | 179,337 | 180,045 | |
| Swimming Pool Reserve | 86,560 | 1,962 | 2,633 | 25,000 | 25,000 | 0 | 0 | | 113,522 | 114,193 | |
| | 1,058,936 | 24,000 | 30,257 | 128,000 | 270,804 | (125,000) | (116,729) | | 1,085,936 | 1,243,268 | |



National Competition Policy

The Clause 7 Statement on the application of National Competition Policy to local government requires certain information to be provided in the Annual Report.

Competitive Neutrality

Council has reviewed all areas of operations to determine the existence or otherwise of significant business activities.

A significant business activity is defined as an activity with an income in excess of \$200,000 pa, which is not a regulatory service (community service obligation) and which is not already contracted out.

Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 Statement.

Disability Service Plan Statement

The Disability Services Amendment Act 1999 requires local governments to report annually on their Disability Service Plan achievements. The achievements for the year ended 30 June 2012 are listed below and grouped into the outcome areas addressed in the Shire of Wickepin Disability Service Plan.

Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by the Shire of Wickepin.

Council is responsive to the needs of the community to ensure equality is maintained with respect to access to council services and events.

Outcome 2: People with disabilities have the same opportunities as other people to access the buildings and other facilities by the Shire of Wickepin.

Any new public council buildings meet required minimum standards with respect to access. Council will be working with local businesses with a view to encouraging improved access as necessary.

Outcome 3: People with disabilities receive information from a public authority in a format that will enable them to access the information, as readily as other people are able to access it.

Information about the functions, facilities and services provided by the Shire is prepared using clear and concise language. If necessary, this information can be made in alternative formats i.e. large print, verbal etc. on request. During the year no such requests were received.

Outcome 4: People with disabilities receive the same level and quality of services from the staff of the Shire of Wickepin as other people receive from the staff of the Shire.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to the Shire of Wickepin.

Council and staff treat any complaints received equally and without bias. No official complaints were received during the year.

Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by the Shire of Wickepin.

Venues which are utilised for community participation in Council process are selected with the objective of ensuring access for all members of the community.

State Records Act 2000

The Shire of Wickepin uses a hybrid hard copy and electronic records management system. All records created and received in the course of business are captured and stored according to the Shire's Record Keeping Plan. As required under the State Records Act 2000 the Shire of Wickepin Record Keeping Plan May 2009 commenced revision in April 2015 with the revised version to be submitted to the State Records Office in August 2016.

All records are disposed of in accordance with the General Disposal Authority for Local Government Records. The Disposal Authority defines the minimum periods of time that different classes of records must be kept (retention periods) and provides guidelines for destruction of records after they have met the retention requirements of the schedule. The Administration Officer annually recommends disposal of records in accordance with the State Records Act guidelines.

Standard 2 Principle 6 requires Council to ensure that employees comply with the Record Keeping Plan. The following activities have been undertaken to ensure staff awareness and compliance:

1. Two members of the Administration staff completed the SynergySoft Records Administrations workshop with IT Vision for electronic records management;
2. 4 members of the Administration staff completed the SynergySoft General Users workshop with IT Vision for electronic records management;
3. Staff information sessions were held as required.

Based on the records management performance indicators the efficiency and effectiveness of the records management training program is reviewed and staff information sessions held.

The staff induction program ensures employees are made aware of their roles and responsibilities in regards to their compliance with the Shire's Record Keeping Plan.

Fruit Fly Baits

Council continues with the fruit fly baiting program by supplying free fruit fly baits. Any ratepayer or elector can receive their free fruit fly bait each year by going to Ewen Rural Supplies and ask for your free fruit fly bait.

Mosquito Spraying

Council continues its annual mosquito spraying program to control the level of mosquitos around the towns of Wickepin, Yealering, Harrismith and Tincurrin. If you have a major mosquito issue please advise the administration centre.

Chemical Containers

Council continues to be involved in the DrumMuster program. The DrumMuster collections are notified through the Watershed News and collections are generally between the hours of 8.00am & 4.30pm by appointment only.



drumMUSTER

Bookings are essential so please contact the shire office for appointment advising of number of drums for disposal. Please note - If you have more than 50 drums, please make a morning booking.

Economic Regulation Authority

Approval of Outstanding Financial Hardship Policies

The Water Services Code of Conduct (Customer Service Standards) 2013 (Code), which commenced on 18 November 2013, requires certain water licensees to have a financial hardship policy (Policy) approved by the Economic Regulation Authority (Authority).



The Authority approved the Shire of Wickepin Hardship Policy on the 16th May 2014.

Economic Regulation Authority

Public Interest Disclosure Act

The Shire of Wickepin is committed to the aims and objectives of the *Public Interest Disclosure Act 2003*. It recognises the value and importance of contributions of staff to enhance administrative and management practices and strongly supports disclosures being made by staff regarding corrupt or other improper conduct. The Shire of Wickepin takes all reasonable steps to provide protection to staff who make such disclosures from any detrimental action in reprisal for the making of a disclosure. The Shire of Wickepin does not tolerate any of its officers, employees or contractors engaging in acts of victimisation or reprisal against those who make public interest disclosures. These acts should be reported immediately to the Public Interest Disclosure Officer or the Chief Executive Officer.

The Shire of Wickepin is required under the Public Interest Disclosure Act to report on the extent to which the Chief Executive Officer has complied with the obligations of the Act. The Chief Executive Office Mr Mark John Hook has been appointed as Council's Public Interest Disclosure Officer.

No Public Interest Disclosures were received by the Shire of Wickepin during 2015/2016.

Facebook

The Shire of Wickepin is on Facebook and we have found this a great way to keep the community updated with news and happenings around the Shire. Community members who have 'liked' the page are able to keep up-to-date with what the Shire of Wickepin is doing, from our comments and pictures, and are able to write questions/comments on our page.

So far it has proved to be successful and is constantly growing. So please like us on Facebook so we can keep you up to date with the happenings around the Shire.



The link to the Shire of Wickepin Facebook page is www.facebook.com/pages/Shire-of-Wickepin

Register of Complaints

The Local Government Act 1995 Section 5.121 requires the complaints officer of the local government to maintain a register of complaints which records all complaints that result in an action under the Local Government Act 1995 Section 5.110 (6)(b) or (c).

For the purposes of Section 5.53(2) (hb) of the Local Government Act 1995 it is advised that the Shire of Wickepin received Zero (0) complaints during the 2015/2016 financial year.

Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the Shire is required to publish an information statement which details the process for applying for information under the Act, as well as information that the Shire provides outside the Act.

This document is available from the Shire's Administration Office or the website.

During 2015/2016 the Shire received zero (0) Freedom of Information applications, and 0 (0) referrals for third party consultation. The Act requires that all applications are responded to within 45 days.

Waste Disposal

Council engages the services of Great Southern Waste Disposal to collect the kerbside waste every Monday morning. The Wickepin, Yealering, Harrismith and Tincurrin tip sites are open 24 hours 7 days a week.

Please separate recyclable materials from your general household waste.



Asbestos, liquid salvage and bulk waste are accepted by prior arrangement. Steel, timber, tyres, batteries and waste oils also accepted please drop off in the signed areas. Green waste must also be separated and dropped off in the signed areas.

Great Southern Waste collects fortnightly recycling in the town of Yealering and Wickepin. Households are provided with a 240 litre recycling bin at each household. The recycling program is working well with great community support. Recycling Bins are collected every 2nd Monday and people can only place the following items into the bins:

- Glass: Clean Bottles and Jars (lids removed)
- Plastic: Empty bottles and containers with 1,2 or 3 printed on the bottom (lids removed)
- Paper: Clean, untied newspapers, papers, Magazines, Telephone books, envelopes
- Cardboard: Clean, flattened boxes and cartons
- Aluminium & Steel: Cans, tins, clean foil, aerosol cans
- Liquid Paperboard: Milk, juice & laundry detergent cartons

All recycling must be placed loose in your yellow recycling bin. Please do not place any plastic bags in your bin

Non-Recyclable Materials: Do **NOT** place the following in your recycling bin:

- Green Waste Lawn Clippings Plastic Bags
- Food Scraps Liquids Nappies / Sanitary Items
- Polystyrene Glossy Magazines Appliances
- Toys Clothing Tools

Recycling is provided in the Townsites of Harrismith and Tincurrin by dropping of your recyclables at the recycling yards in each Townsite.



Integrated Planning

In accordance with the Local Government (Administration) Regulations 1996 the Shire has adopted the new Integrated Planning and Reporting (IPR) framework. Integrated planning ensures that Councils Strategic Plans reflect the community aspirations, visions and priorities of the district.

The Shire consulted with the community to produce the Strategic Community Plan. The themes formed from the community engagement process include:

(1) To Develop and Maintain Quality Services and Infrastructure:

A sustainable and extensive transport system that allows for efficient travel within the local government and to other rural and metropolitan areas

(2) To Ensure the Protection and Improvement of the Environment

A protected and enhanced environment that is aesthetically beautiful and provides benefits for generations to come

(3) To Promote the Development of a Viable and Diversified Local Economy:

A strong, diversified economic and industrial base that provides new and varied employment opportunities for all age groups

(4) To Provide and Encourage the use of a Variety of Recreational, Educational and Cultural Facilities:

A healthy, strong and connected community that is actively engaged and involved

(5) To Provide Efficient, Effective and Accountable Governance.

Availability of council services, personal development opportunities and adequate resident and staff accommodation to attract and retain quality resources.

(6) To Promote the Shire as a Focal Point in the Development of the Greater Region

A council actively involved in promoting regional facilities and activities to its community and neighbouring regions.

As part of the IPR framework, Council has adopted the following plans:

- Long Term Financial Plan,
- Asset Management Plan
- Workforce Plan
- Corporate Business Plan 2015 – 2020
- Strategic Community Plan 2012 – 2022

Copies of these plans are available from the Shire of Wickepin website www.wickepin.wa.gov.au

Disclosure of Annual Salaries

Local governments are required to include in their annual report the number of employees of the local government entitled to an annual salary of \$100,000 or more, and the number of employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

For the year 2015/2016 the Shire of Wickepin had one employee with a salary exceeding \$100,000 in the \$110,000 to \$120,000 band.

Thank You

I would like to take this opportunity to thank all of the Shire of Wickepin staff for their continued efforts over the whole of the 2015/2016 financial year.

Thank you to Council for their support over the year, in particular Shire President Cr Julie Russell and Deputy Shire President Cr Wes Astbury.

Mark J Hook
Chief Executive Officer

Community Development Officer's Report 2015 - 2016

The following report highlights a range of the community projects undertaken by the Community Development Officer at the Shire of Wickepin during the 2015-16 year.

Facey Carriage Drive

What a ride the shire had over the weekend of the 29th to 31st August 2015.

The Avon and Hills Carriage driving club invited three other clubs (Albany Club, Murray & Districts Club and the West Australian Harness Society) to join them in Wickepin for a weekend of pleasure driving.

The carriage drivers dressed up in period costume for the parade through town on Saturday morning. On Sunday



they headed out for a drive to Inkie Pinkie school site where a number of locals joined them for a packed lunch. Albert Facey Homestead Management group celebrated Albert Facey's birthday later in the afternoon with the carriage drivers. On Monday they headed out for a short pleasure drive along the railway line heading east.



The carriage drivers were based at the Wickepin Saleyards and used the Wickepin Community Centre for showering. They left the area in immaculate condition. CDO would like to have noted that the Public Relations credibility and advertising the Shire of Wickepin achieved through the free use of facilities is worth thousands of dollars. We had over 25 minutes of regional ABC radio airtime on Friday 28th August at around 11.20am promoting the carriage drive. The Facey Homestead and Wickepin Shire were both advertised heavily throughout this interview.



Campfire Country Hall Crawl

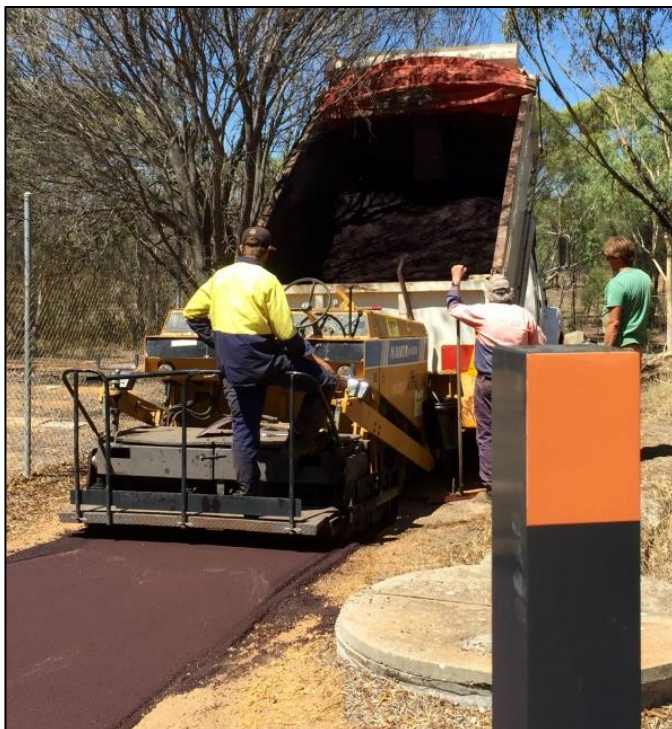
Over the weekend of the 30th October 2015 to the 1st November 2015 Wickepin was buzzing with an influx of caravans, keen country singers and all the supporters they could muster.

They arrived in town on Friday to create a meeting point at the Community Centre and proceeded to position the over 60 caravans that rolled into town. Chris Edmondson, Rural ABC reporter, did an informative interview with Dave Higgins from Campfire Country. He covered the event in Wickepin and discussed the use and their mutual love of old town halls. Saturday saw the Town Hall set up to cater for a traditional country dance and all the music that goes with it. Close to 200 people filled the hall and had 'one of the best nights'.

The Lansdell family was well presented with Kevin Lansdell's family doing a great set. Line dancing was led by a group from the Cuballing Boot scooters, country dances were called by Therese and Dave Higgins and various musicians entertained the appreciative engaged crowd. On Sunday the caravanners joined the locals in supporting the Community Markets in town. Sunday lunch prepared by the Bowling club was enjoyed back at the Community Centre, along with bush poetry by Frank, Tim and Alexander Heffernan. A big Sunday session of music closed off a wonderful weekend in Wickepin.

Wickepin Heritage Walk Trail

The Shire of Wickepin was successful in receiving funding from Lotterywest to upgrade the Wickepin Heritage Walk Trail signage. The funding enabled the Shire of Wickepin to engage consultants from TPG to create signs for the walk trail focussing on the heritage sites and points of interest. Jason Signs manufactured the signs and they have been installed along the trail by the Manager of Works and the works crew. Townscape and Cultural Planning Committee budgeted for the extension of the hotmix path and this was completed at the same time. The She Shed/He Shed group, with support from the Shire of Wickepin, created a massive Gateway Entrance sign for the walk trail with found material reflecting the rail heritage of the area.



Wickepin Cemetery

Following the completion of the Yealering cemetery upgrade work commenced on an upgrade to the Wickepin cemetery and niche wall. Feedback and comments were received during 2013/14 and plans were finalised during 2014 prior to a period of consultation with family and community members.

The upgrade to the Wickepin Cemetery was completed December 2015. This includes a new Granite Niche Wall, gazebo and seating. Landscaping, including relocating Grass Trees from gravel pits, which was completed during the winter months of 2016. Special care was taken to ensure as much of the original vegetation was maintained as possible. The cemetery upgrade has also provided an opportunity to update the records of those interred in the wall. An official opening will be held in October 2016.



Old Railway Station Building

Funding was received from Lotterywest in 2014 to refurbish the Old Railway Station building. The Old Railway Station is the last of the buildings in the Wickepin Heritage Precinct to be refurbished. Work on the building was completed in February 2016.

The Railway building is now fully restored inside and out, including electricity. It has been used as a pop-up art venue and as an historical display area already. A number of community groups and individuals have expressed the desire to use the building as a pop-up photographic venue. Wickepin is beginning to get substantial positive feedback about the town and its appearance. Restoring the old Railway Office into a usable building is yet another selling point for the town.



Johnston Park Development

Shire of Wickepin was successful in a grant submission to Wheatbelt Development Commission as part of the Creating Age Friendly Communities initiative.

With Shire support, a number of improvements were made to the area. A crossing for gophers/wheelchairs was raised from the pathway leading from Wogolin Road to the Wickepin Health Centre. Solar lighting was installed along the pathway. A gazebo was built opposite the Health Centre with landscaped paths leading to exercise equipment specifically to encourage mobility and stretching.

This has been a wonderful addition to the town and is being utilised by all age groups.





Anzac Day and the War Memorial

Work on the Wickepin War Memorial has been completed with the installation of seating, capping on the wooden uprights and the installation of the Memorial Fence.

The Shire of Wickepin celebrated Anzac Day by opening the Memorial Fence on the War Memorial. Sue Lefroy, Historian from Albany Library, addressed the community and explained the significance of the images chosen for the fence. Sue did countless hours of research to ensure that the images used were relevant to the Wickepin community. Reverend Lynda Myres lead the Prayer of Remembrance. Shire President, Cr Julie Russell, lead the proceedings. Colin Plumb, Vietnam Veteran and Murray Lang, Freeman of the Shire, were part of the service. David Koppers, grandson of Dave and Charlotte Astbury, was the musician for the Last Post and Reveille. The community choir provided the music for the day. A shared community morning tea was enjoyed by a crowd of over 150 people. The morning was a great success with many community members praising the shire for the work on the memorial.



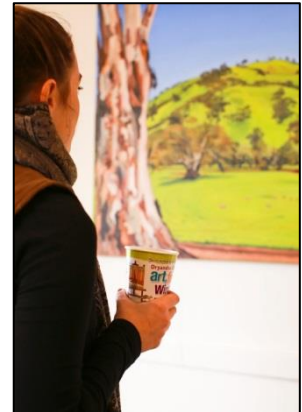
Dryandra Country Art Food & Wine Trail



The fourth year of this annual event held over the Mother’s Day weekend was held in May. The Shire of Williams, Narrogin, Cuballing, Pingelly and Wickepin are part of the trail. Wickepin has been involved in the trail from the beginning.

The Wickepin Community Resource Centre organised a market day to coincide with the trail, which added to the depth of the event. This is a growing event and every year the organisation becomes more streamlined from

a shire perspective. Support is given in-kind and shire covers the cost for two venues (Wickepin Town Hall and Railway Station Building) for work to be displayed.



Yealering looked at joining the trail this year, but decided against it. Local businesses do well from the trade with both the Hotel and Newsagency signing up as venues for the trail this year. The Albert Facey Homestead was part of the trail, too - painting of miniature metal cut-outs was held on the verandah. This boosted the profile of the Homestead and provided a great interactive opportunity in town. Visitors from around the Great Southern and Perth spent the weekend exploring the region.

The CDO believes that the Trail is a major Public Relations exercise for the shire, besides the obvious tourism and advertising benefits that it brings. Good PR creates coverage for the shire rather than active costly marketing or advertising. The aim of Public Relations is to generate a positive and favourable view of the shire and persuade our public, employees and stakeholders to maintain this view. The Dryandra Country Art Food & Wine Trail is achieving this.



Tourism, Marketing and Promotion

Salty Davenport Photography spent the weekend of the 29th and 30th August in Wickepin filming mini-videos and taking still shots for us to use in a tourism drive. He employed 3 models in a series of storyboards across the shire. He delivered 60 images to the shire which we have been using on our facebook page, our Instagram account and newspaper advertising.



Our Instagram account is @wickepin_shire for those of you who would like to contribute to the following and post images of the shire. #wickepin #faceycountry are the hashtags we have been using to identify the shire.



The mini-videos have been posted to our Facebook pages: Shire of Wickepin and Wickepin Arts, Instagram, website and YouTube.

We have still advertised in the traditional tourism lift outs aimed at the over 45’s, caravanners and gray nomads but are hoping to attract the younger set who are keen on going on road trips/exploring.

Councillors and members of the public are encouraged to friend, like or follow our social media pages and share the content and posts that the shire staff regularly posts. Adding comments to the posts also raises the profile of the post and encourages more social traffic to the Shire of Wickepin, which in turn raises the global profile of the shire.



Kidsport

The Shire of Wickepin continues to support the Department of Sport and Recreation and local sporting groups to implement the Kidsport program.



The Kidsport program involves the distribution of vouchers by local governments to children to assist them to play organised sport. Shire of Wickepin applies to The Department of Sport and Recreation for a grant for the monies required and then pays individual clubs within shire clubs when invoiced.

Lee Parker

Community Development Officer

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

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Principal place of business:
77 Wogolin Road
Wickepin WA 6370

**SHIRE OF WICKEPIN
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 _____ day of _____ 2016

Mark Hook
Chief Executive Officer

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

| | NOTE | 2016 \$ | 2016 Budget \$ | 2015 \$ |
|---|------|--------------------|----------------------|--------------------|
| Revenue | | | | |
| Rates | 22 | 1,358,506 | 1,358,698 | 1,312,758 |
| Operating grants, subsidies and contributions | 29 | 890,276 | 942,264 | 2,352,530 |
| Fees and charges | 28 | 507,952 | 362,824 | 423,716 |
| Interest earnings | 2(a) | 58,656 | 47,000 | 47,317 |
| | | <u>2,815,390</u> | <u>2,710,786</u> | <u>4,136,321</u> |
| Expenses | | | | |
| Employee costs | | (866,331) | (986,382) | (739,492) |
| Materials and contracts | | (1,078,137) | (1,490,039) | (1,198,288) |
| Utility charges | | (159,612) | (153,105) | (151,450) |
| Depreciation on non-current assets | 2(a) | (4,652,693) | (1,909,000) | (1,954,982) |
| Interest expenses | 2(a) | (10,061) | (10,334) | (13,868) |
| Insurance expenses | | (165,963) | (172,497) | (183,680) |
| | | <u>(6,932,797)</u> | <u>(4,721,357)</u> | <u>(4,241,760)</u> |
| | | (4,117,407) | (2,010,571) | (105,439) |
| Non-operating grants, subsidies and contributions | 29 | 1,023,654 | 2,173,540 | 1,033,160 |
| Profit on asset disposals | 20 | 12,727 | 32,842 | 11,046 |
| (Loss) on asset disposals | 20 | (81,176) | (73,400) | (89,708) |
| Fair value adjustments to financial assets at | | | | |
| (Loss) on revaluation of furniture and equipment | 6(b) | (8,496) | 0 | 0 |
| (Loss) on revaluation of plant and equipment | 6(b) | (262,289) | 0 | 0 |
| (Loss) on revaluation of Infrastructure - Main Street Development | 7(b) | 0 | 0 | (133,291) |
| Net result | | (3,432,987) | 122,411 | 715,768 |
| Other comprehensive income | | | | |
| Changes on revaluation of non-current assets | 12 | 403,388 | 0 | 76,961,420 |
| Total other comprehensive income | | 403,388 | 0 | 76,961,420 |
| Total comprehensive income | | (3,029,599) | 122,411 | 77,677,188 |

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

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

| | NOTE | 2016 \$ | 2016 Budget \$ | 2015 \$ |
|---|------|----------------------------------|------------------------------|---------------------------------|
| Revenue | 2(a) | | | |
| Governance | | 8,418 | 7,490 | 12,637 |
| General purpose funding | | 2,090,443 | 2,090,614 | 3,531,854 |
| Law, order, public safety | | 77,092 | 61,753 | 65,844 |
| Health | | 437 | 35 | 45 |
| Education and welfare | | 468 | 800 | 882 |
| Housing | | 119,263 | 84,275 | 73,313 |
| Community amenities | | 164,968 | 151,329 | 172,522 |
| Recreation and culture | | 128,832 | 46,195 | 51,726 |
| Transport | | 125,455 | 183,300 | 138,704 |
| Economic services | | 44,816 | 44,495 | 49,857 |
| Other property and services | | 55,198 | 40,500 | 38,937 |
| | | <u>2,815,390</u> | <u>2,710,786</u> | <u>4,136,321</u> |
| Expenses | 2(a) | | | |
| Governance | | (430,658) | (447,018) | (370,964) |
| General purpose funding | | (65,133) | (77,680) | (93,503) |
| Law, order, public safety | | (180,826) | (170,436) | (151,870) |
| Health | | (28,601) | (48,267) | (41,925) |
| Education and welfare | | (5,761) | (11,125) | (9,167) |
| Housing | | (172,671) | (180,467) | (159,342) |
| Community amenities | | (371,561) | (349,846) | (338,785) |
| Recreation and culture | | (1,230,180) | (1,149,774) | (1,125,588) |
| Transport | | (4,211,225) | (1,995,565) | (1,635,758) |
| Economic services | | (219,405) | (263,910) | (223,861) |
| Other property and services | | (6,715) | (16,935) | (77,129) |
| | | <u>(6,922,736)</u> | <u>(4,711,023)</u> | <u>(4,227,892)</u> |
| Finance costs | 2(a) | | | |
| Housing | | (6,742) | (6,664) | (7,998) |
| Community amenities | | 0 | 0 | (1,183) |
| Recreation and culture | | (3,319) | (3,670) | (4,687) |
| | | <u>(10,061)</u> | <u>(10,334)</u> | <u>(13,868)</u> |
| | | <u>(4,117,407)</u> | <u>(2,010,571)</u> | <u>(105,439)</u> |
| Non-operating grants, subsidies and contributions | 29 | 1,023,654 | 2,173,540 | 1,033,160 |
| Profit on disposal of assets | 20 | 12,727 | 32,842 | 11,046 |
| (Loss) on disposal of assets | 20 | (81,176) | (73,400) | (89,708) |
| Fair value adjustments to financial assets at | | | | |
| (Loss) on revaluation of furniture and equipment | 6(b) | (8,496) | 0 | 0 |
| (Loss) on revaluation of plant and equipment | 6(b) | (262,289) | 0 | 0 |
| (Loss) on revaluation of Infrastructure - Main Street Development | 7(b) | 0 | 0 | (133,291) |
| | | <u>(270,785)</u> | <u>0</u> | <u>(133,291)</u> |
| Net result | | <u>(3,432,987)</u> | <u>122,411</u> | <u>715,768</u> |
| Other comprehensive income | | | | |
| Changes on revaluation of non-current assets | 12 | 403,388 | 0 | 76,961,420 |
| Total other comprehensive income | | <u>403,388</u> | <u>0</u> | <u>76,961,420</u> |
| Total comprehensive income | | <u><u>(3,029,599)</u></u> | <u><u>122,411</u></u> | <u><u>77,677,188</u></u> |

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

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

| | NOTE | 2016 \$ | 2015 \$ |
|---|------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 2,037,049 | 2,603,468 |
| Trade and other receivables | 4 | <u>177,633</u> | <u>137,254</u> |
| TOTAL CURRENT ASSETS | | <u>2,214,682</u> | <u>2,740,722</u> |
| NON-CURRENT ASSETS | | | |
| Other receivables | 4 | 38,805 | 46,574 |
| Property, plant and equipment | 6 | 18,806,937 | 19,444,666 |
| Infrastructure | 7 | <u>101,074,829</u> | <u>102,988,080</u> |
| TOTAL NON-CURRENT ASSETS | | <u>119,920,571</u> | <u>122,479,320</u> |
| TOTAL ASSETS | | <u>122,135,253</u> | <u>125,220,042</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 104,026 | 109,907 |
| Current portion of long term borrowings | 9 | 28,481 | 49,628 |
| Provisions | 10 | <u>143,826</u> | <u>121,904</u> |
| TOTAL CURRENT LIABILITIES | | <u>276,333</u> | <u>281,439</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | 9 | 108,738 | 137,218 |
| Provisions | 10 | <u>68,020</u> | <u>89,624</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>176,758</u> | <u>226,842</u> |
| TOTAL LIABILITIES | | <u>453,091</u> | <u>508,281</u> |
| NET ASSETS | | <u>121,682,162</u> | <u>124,711,761</u> |
| EQUITY | | | |
| Retained surplus | | 17,617,761 | 21,235,080 |
| Reserves - cash backed | 11 | 1,243,268 | 1,058,936 |
| Revaluation surplus | 12 | <u>102,821,133</u> | <u>102,417,745</u> |
| TOTAL EQUITY | | <u>121,682,162</u> | <u>124,711,761</u> |

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

SHIRE OF WICKEPIN
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 | | 20,680,834 | 897,414 | 25,456,325 | 47,034,573 |
| Comprehensive income | | | | | |
| Net result | | 715,768 | 0 | 0 | 715,768 |
| Changes on revaluation of assets | 12 | <u>0</u> | <u>0</u> | <u>76,961,420</u> | <u>76,961,420</u> |
| Total comprehensive income | | 715,768 | 0 | 76,961,420 | 77,677,188 |
| Transfers from/(to) reserves | | (161,522) | 161,522 | 0 | 0 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance as at 30 June 2015 | | 21,235,080 | 1,058,936 | 102,417,745 | 124,711,761 |
| Comprehensive income | | | | | |
| Net result | | (3,432,987) | 0 | 0 | (3,432,987) |
| Changes on revaluation of assets | 12 | <u>0</u> | <u>0</u> | <u>403,388</u> | <u>403,388</u> |
| Total comprehensive income | | (3,432,987) | 0 | 403,388 | (3,029,599) |
| Transfers from/(to) reserves | | (184,332) | 184,332 | 0 | 0 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance as at 30 June 2016 | | <u>17,617,761</u> | <u>1,243,268</u> | <u>102,821,133</u> | <u>121,682,162</u> |

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

SHIRE OF WICKEPIN
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 | | 1,357,516 | 1,356,698 | 1,318,675 |
| Operating grants, subsidies and contributions | | 810,051 | 942,264 | 2,352,530 |
| Fees and charges | | 507,952 | 360,024 | 405,705 |
| Interest earnings | | 58,656 | 47,000 | 47,317 |
| Goods and services tax | | 210,443 | 0 | 39,308 |
| | | <u>2,944,618</u> | <u>2,705,986</u> | <u>4,163,535</u> |
| Payments | | | | |
| Employee costs | | (902,494) | (986,382) | (720,966) |
| Materials and contracts | | (1,046,815) | (1,485,039) | (1,192,982) |
| Utility charges | | (160,069) | (153,105) | (159,116) |
| Interest expenses | | (10,326) | (10,534) | (14,457) |
| Insurance expenses | | (165,963) | (172,497) | (183,680) |
| Goods and services tax | | (169,311) | 0 | (39,635) |
| | | <u>(2,454,978)</u> | <u>(2,807,557)</u> | <u>(2,310,836)</u> |
| Net cash provided by (used in) operating activities | 13(b) | <u>489,640</u> | <u>(101,571)</u> | <u>1,852,699</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for development of Land held for resale | | 0 | (50,000) | 0 |
| Payments for purchase of property, plant & equipment | | (727,800) | (2,216,192) | (1,189,724) |
| Payments for construction of infrastructure | | (1,550,479) | (1,410,312) | (978,066) |
| Non-operating grants, subsidies and contributions | | 1,023,654 | 2,173,540 | 1,011,271 |
| Proceeds from sale of fixed assets | | 240,719 | 258,842 | 232,881 |
| Net cash provided by (used in) investment activities | | <u>(1,013,906)</u> | <u>(1,244,122)</u> | <u>(923,638)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of debentures | | (49,627) | (49,628) | (93,789) |
| Proceeds from self supporting loans | | 7,473 | 7,473 | 10,873 |
| Net cash provided by (used in) financing activities | | <u>(42,154)</u> | <u>(42,155)</u> | <u>(82,916)</u> |
| Net increase (decrease) in cash held | | (566,420) | (1,387,848) | 846,145 |
| Cash at beginning of year | | 2,603,468 | 2,603,468 | 1,757,323 |
| Cash and cash equivalents at the end of the year | 13(a) | <u><u>2,037,048</u></u> | <u><u>1,215,620</u></u> | <u><u>2,603,468</u></u> |

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

**SHIRE OF WICKEPIN
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) | | 1,442,502 | 1,418,960 | 721,419 |
| | | <u>1,442,502</u> | <u>1,418,960</u> | <u>721,419</u> |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 8,418 | 12,332 | 15,548 |
| General purpose funding | | 792,124 | 790,055 | 2,267,009 |
| Law, order, public safety | | 77,092 | 61,753 | 65,844 |
| Health | | 437 | 35 | 45 |
| Education and welfare | | 468 | 800 | 882 |
| Housing | | 119,263 | 84,275 | 73,313 |
| Community amenities | | 164,968 | 151,329 | 172,522 |
| Recreation and culture | | 128,832 | 46,195 | 51,726 |
| Transport | | 138,182 | 211,300 | 146,839 |
| Economic services | | 44,816 | 44,495 | 49,857 |
| Other property and services | | 55,198 | 40,500 | 38,937 |
| | | <u>1,529,798</u> | <u>1,443,069</u> | <u>2,882,522</u> |
| Expenditure from operating activities | | | | |
| Governance | | (448,416) | (447,018) | (370,964) |
| General purpose funding | | (65,133) | (77,680) | (93,503) |
| Law, order, public safety | | (180,826) | (170,436) | (181,365) |
| Health | | (28,601) | (48,267) | (41,925) |
| Education and welfare | | (5,761) | (11,125) | (9,167) |
| Housing | | (179,413) | (187,131) | (167,340) |
| Community amenities | | (371,561) | (349,846) | (343,649) |
| Recreation and culture | | (1,234,636) | (1,153,444) | (1,167,199) |
| Transport | | (4,273,506) | (2,068,965) | (1,655,366) |
| Economic services | | (219,405) | (263,910) | (223,861) |
| Other property and services | | (6,715) | (16,935) | (77,129) |
| | | <u>(7,013,973)</u> | <u>(4,794,757)</u> | <u>(4,331,468)</u> |
| Operating activities excluded from budget | | | | |
| (Profit) on disposal of assets | 20 | (12,727) | (32,842) | (11,046) |
| Loss on disposal of assets | 20 | 81,176 | 73,400 | 89,708 |
| Movement in employee benefit provisions (non-current) | | (21,604) | 0 | 17,727 |
| Depreciation and amortisation on assets | 2(a) | 4,652,693 | 1,909,000 | 1,954,982 |
| Amount attributable to operating activities | | <u>657,865</u> | <u>16,830</u> | <u>1,323,844</u> |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 1,023,654 | 2,173,540 | 1,033,160 |
| Proceeds from disposal of assets | 20 | 240,719 | 258,842 | 232,881 |
| Purchase of land held for resale | | 0 | (50,000) | 0 |
| Purchase of property, plant and equipment | 6(b) | (727,800) | (2,216,192) | (1,189,724) |
| Purchase and construction of infrastructure | 7(b) | (1,550,479) | (1,410,312) | (978,066) |
| Amount attributable to investing activities | | <u>(1,013,906)</u> | <u>(1,244,122)</u> | <u>(901,749)</u> |
| FINANCING ACTIVITIES | | | | |
| Repayment of debentures | 21(a) | (49,627) | (49,628) | (93,789) |
| Proceeds from self supporting loans | | 7,473 | 7,473 | 10,873 |
| Transfers to reserves (restricted assets) | 11 | (301,061) | (152,000) | (180,576) |
| Transfers from reserves (restricted assets) | 11 | 116,729 | 125,000 | 19,054 |
| Amount attributable to financing activities | | <u>(226,486)</u> | <u>(69,155)</u> | <u>(244,438)</u> |
| Surplus(deficiency) before general rates | | <u>(582,527)</u> | <u>(1,296,447)</u> | <u>177,657</u> |
| Total amount raised from general rates | 22 | <u>1,298,319</u> | <u>1,300,559</u> | <u>1,264,845</u> |
| Net current assets at June 30 c/fwd - surplus/(deficit) | 23 | <u><u>715,792</u></u> | <u><u>4,112</u></u> | <u><u>1,442,502</u></u> |

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

SHIRE OF WICKEPIN
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. All amounts are stated in Australian dollars.

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

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

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

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

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF WICKEPIN
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 WICKEPIN
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 WICKEPIN
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 WICKEPIN
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 WICKEPIN
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 WICKEPIN
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 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

SHIRE OF WICKEPIN
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 WICKEPIN
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 2018 | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant. |
| (iii) AASB 16 Leases | February 2016 | 1 January 2019 | Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant. |

SHIRE OF WICKEPIN
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 2018 | <p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p> |

**SHIRE OF WICKEPIN
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 | This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation. |
| (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 | The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary. |

Notes:

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

**SHIRE OF WICKEPIN
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 WICKEPIN
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 | 10,628 | 12,900 | |
| - Other Audit services | 1,600 | 1,140 | |
| Depreciation | | | |
| Buildings - non-specialised | 134,870 | 134,948 | |
| Buildings - specialised | 684,903 | 689,208 | |
| Furniture and equipment | 25,121 | 29,156 | |
| Plant and equipment | 344,069 | 288,766 | |
| Infrastructure - roads | 3,394,474 | 761,098 | |
| Infrastructure - footpaths | 10,740 | 10,807 | |
| Infrastructure - drainage | 15,228 | 15,348 | |
| Infrastructure - parks and ovals | 36,655 | 13,416 | |
| Infrastructure - Main Street Development | 6,633 | 12,235 | |
| | <u>4,652,693</u> | <u>1,954,982</u> | |
| Interest expenses (finance costs) | | | |
| Debentures (refer Note 21 (a)) | 10,061 | 13,868 | |
| | <u>10,061</u> | <u>13,868</u> | |
| (ii) Crediting as revenue: | | | |
| | 2016 | 2016 | 2015 |
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| Interest earnings | | | |
| - Reserve funds | 30,257 | 24,000 | 19,155 |
| - Other funds | 24,720 | 19,000 | 24,118 |
| Other interest revenue (refer note 27) | 3,679 | 4,000 | 4,044 |
| | <u>58,656</u> | <u>47,000</u> | <u>47,317</u> |

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

COMMUNITY VISION

A Fortunate Place

Wickepin offers a safe, pleasant, healthy lifestyle, with a community that has strong sporting and social networks.

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, immunisation services, mosquito control and operation of medical centre.

EDUCATION AND WELFARE

Objective:

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

Activities:

Support for childcare, development of services for the aged and rural counselling support.

HOUSING

Objective:

To provide and maintain staff and other housing.

Activities:

Provision and maintenance of staff and other housing.

SHIRE OF WICKEPIN
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 tip, noise control, support for waste recycling, litter control, administration of the town planning scheme, strategic planning, maintenance of cemetery, public conveniences and town drainage maintenance.

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of halls, swimming facilities, recreation centres and various reserves, operation of library, maintenance of cultural heritage assets.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of streets, roads, footpaths, drainage works, parking facilities, cleaning, lighting of streets, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control. Community Development activities.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF WICKEPIN
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⁾ | Received ⁽²⁾ | Expended ⁽³⁾ | Closing Balance ⁽¹⁾ | Received ⁽²⁾ | Expended ⁽³⁾ | Closing Balance |
|--------------------------------------|-----------------------|-----------------------------------|-------------------------|---------------------------|-----------------------------------|-------------------------|---------------------------|--------------------|
| | | 1/07/14 \$ | 2014/15 \$ | 2014/15 \$ | 30/06/15 \$ | 2015/16 \$ | 2015/16 \$ | 30/06/16 \$ |
| CLGF Regional Waste Transfer Station | Comm Amen | 110,842 | 0 | (103,042) | 7,800 | 0 | (7,800) | 0 |
| Grain Freight Projects | Transport | 16,000 | 0 | (16,000) | 0 | 0 | 0 | 0 |
| Wickepin Cemetery | Comm Amen | 56,555 | 0 | (16,555) | 40,000 | 0 | (40,000) | 0 |
| Wickepin Comm Centre Carpark | Rec & Culture | 174,658 | 0 | (174,658) | 0 | 0 | 0 | 0 |
| Community Arts | Rec & Culture | 9,350 | 0 | (9,350) | 0 | 0 | 0 | 0 |
| FESA | Law,Order | 6,635 | 0 | (6,635) | 0 | 0 | 0 | 0 |
| Yealering Townsite Redevelopment | Rec & Culture | 844 | 0 | (844) | 0 | 0 | 0 | 0 |
| Creating Age Friendly Towns WDC | Housing | 0 | 51,260 | 0 | 51,260 | 0 | (51,260) | 0 |
| War Memorial Grant | Rec & Culture | 0 | 17,150 | (17,150) | 0 | 0 | 0 | 0 |
| FESA - Yealering Fire Truck | Law,Order | 0 | 315,287 | (315,287) | 0 | 0 | 0 | 0 |
| Lotterywest - Old Railway Station | Rec & Culture | 0 | 4,350 | 0 | 4,350 | 25,650 | (30,000) | 0 |
| Roads to Recovery | Transport | 0 | 254,657 | (254,657) | 0 | 674,212 | (674,212) | 0 |
| State Blackspot Funding | Transport | 0 | 146,325 | (146,325) | 0 | 55,243 | (55,243) | 0 |
| Regional Road Group MRWA | Transport | 0 | 214,131 | (214,131) | 0 | 206,000 | (206,000) | 0 |
| Shire of Wagin | Comm Amen | 0 | 30,000 | (30,000) | 0 | 0 | 0 | 0 |
| CSRFF - Yealering Bowling Greens | Rec & Culture | 0 | 0 | 0 | 0 | 59,093 | (59,093) | 0 |
| Wickepin Cricket Club | Rec & Culture | 0 | 0 | 0 | 0 | 3,456 | (3,456) | 0 |
| Total | | <u>374,884</u> | <u>1,033,160</u> | <u>(1,304,634)</u> | <u>103,410</u> | <u>1,023,654</u> | <u>(1,127,064)</u> | <u>0</u> |

Notes:

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

SHIRE OF WICKEPIN
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 | | 793,781 | 1,441,122 |
| Restricted | | <u>1,243,268</u> | <u>1,162,346</u> |
| | | <u><u>2,037,049</u></u> | <u><u>2,603,468</u></u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Leave reserve | 11 | 64,711 | 63,028 |
| Plant reserve | 11 | 171,245 | 115,912 |
| Building reserve | 11 | 253,506 | 90,304 |
| Fire Fighting Reserve | 11 | 20,648 | 20,111 |
| Cottage Homes Reserve | 11 | 7,988 | 4,821 |
| Special Events Reserve | 11 | 4,807 | 4,682 |
| Computer Reserve | 11 | 19,636 | 24,058 |
| Young Singles Accommodation Reserve | 11 | 52,098 | 38,905 |
| Saleyards Reserve | 11 | 12,796 | 11,970 |
| Sewerage Reserve | 11 | 118,313 | 95,505 |
| Refuse Reserve | 11 | 114,080 | 111,113 |
| Land Development Reserve | 11 | 109,202 | 106,362 |
| Staff Housing Reserve | 11 | 0 | 110,243 |
| Aged Persons Accommodation Reserve | 11 | 180,045 | 175,362 |
| Swimming Pool Reserve | 11 | 114,193 | 86,560 |
| Unspent grants | 2(c) | 0 | 103,410 |
| | | <u><u>1,243,268</u></u> | <u><u>1,162,346</u></u> |
| 4. TRADE AND OTHER RECEIVABLES | | | |
| Current | | | |
| Rates outstanding | | 25,543 | 24,553 |
| Sundry debtors | | 127,981 | 47,756 |
| GST receivable | | 16,340 | 57,472 |
| Loans receivable - clubs/institutions | | <u>7,769</u> | <u>7,473</u> |
| | | <u><u>177,633</u></u> | <u><u>137,254</u></u> |
| Non-current | | | |
| Loans receivable - clubs/institutions | | <u>38,805</u> | <u>46,574</u> |
| | | <u><u>38,805</u></u> | <u><u>46,574</u></u> |
| 5. INVENTORIES | | | |
| Current | | | |
| | | <u>0</u> | <u>0</u> |
| Non-current | | | |
| Land held for resale - cost | | | |
| Cost of acquisition | | 0 | 0 |
| Development costs | | <u>0</u> | <u>0</u> |
| | | <u><u>0</u></u> | <u><u>0</u></u> |

SHIRE OF WICKEPIN
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 | 840,000 | 840,000 |
| | <u>840,000</u> | <u>840,000</u> |
| | <u>840,000</u> | <u>840,000</u> |
| Buildings - non-specialised at: | | |
| - Independent valuation 2014 - level 2 | 2,620,500 | 2,620,500 |
| - Additions after valuation - cost | 35,152 | 21,953 |
| Less: accumulated depreciation | <u>(403,799)</u> | <u>(268,929)</u> |
| | 2,251,853 | 2,373,524 |
| Buildings - specialised at: | | |
| - Independent valuation 2014 - level 3 | 14,197,204 | 14,197,204 |
| - Additions after valuation - cost | 892,280 | 771,839 |
| Less: accumulated depreciation | <u>(2,062,720)</u> | <u>(1,377,818)</u> |
| | 13,026,764 | 13,591,225 |
| | <u>15,278,617</u> | <u>15,964,749</u> |
| Total land and buildings | <u>16,118,617</u> | <u>16,804,749</u> |
| Furniture and equipment at: | | |
| - Management valuation 2013 - level 3 | 0 | 155,066 |
| - Management valuation 2016 - level 3 | 97,250 | 0 |
| - Additions after valuation - cost | 0 | 23,173 |
| Less accumulated depreciation | <u>0</u> | <u>(55,131)</u> |
| | 97,250 | 123,108 |
| Plant and equipment at: | | |
| - Management valuation 2013 - level 2 | 0 | 1,768,553 |
| - Management valuation 2016 - level 3 | 265,370 | 0 |
| - Independent valuation 2016 - level 2 | 2,325,700 | 0 |
| - Additions after valuation - cost | 0 | 1,196,622 |
| Less accumulated depreciation | <u>0</u> | <u>(448,366)</u> |
| | 2,591,070 | 2,516,809 |
| | <u>18,806,937</u> | <u>19,444,666</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 WICKEPIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

| | Balance at the Beginning of the Year \$ | Additions \$ | (Disposals) \$ | Revaluation Increments/ (Decrements) Transferred to Revaluation \$ | Revaluation (Losses)/ Reversals Through to Profit or Loss \$ | Impairment (Losses)/ Reversals \$ | Depreciation (Expense) \$ | Transfers \$ | Carrying Amount at the End of Year \$ |
|--|---|-----------------|-------------------|--|--|--|---------------------------------|-----------------|---|
| Land - freehold | 840,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 840,000 |
| Total land | 840,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 840,000 |
| Buildings - non-specialised | 2,373,524 | 13,199 | 0 | 0 | 0 | 0 | (134,870) | 0 | 2,251,853 |
| Buildings - specialised | 13,591,225 | 120,441 | 0 | 0 | 0 | 0 | (684,903) | 0 | 13,026,763 |
| Total buildings | 15,964,749 | 133,640 | 0 | 0 | 0 | 0 | (819,773) | 0 | 15,278,616 |
| Total land and buildings | 16,804,749 | 133,640 | 0 | 0 | 0 | 0 | (819,773) | 0 | 16,118,616 |
| Furniture and equipment | 123,108 | 5,895 | (14,653) | 16,517 | (8,496) | 0 | (25,121) | 0 | 97,250 |
| Plant and equipment | 2,516,809 | 588,265 | (294,517) | 386,871 | (262,289) | 0 | (344,069) | 0 | 2,591,070 |
| Total property, plant and equipment | 19,444,666 | 727,800 | (309,170) | 403,388 | (270,785) | 0 | (1,188,963) | 0 | 18,806,936 |

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|--------------------------------|----------------------|------------------------------|--------------------|------------------------|--|
| Land and buildings | | | | | |
| Land - freehold | Level 2 | Depreciated Replacement Cost | Independent | July 2013 | Market value based on sales comparison approach, Gross Current Replacement Cost based on cost and estimated remaining useful life. |
| Buildings - non-specialised | Level 2 | Depreciated Replacement Cost | Independent | July 2013 | Market value based on sales comparison approach, Gross Current Replacement Cost based on cost and estimated remaining useful life. |
| Buildings - specialised | Level 3 | Depreciated Replacement Cost | Independent | July 2013 | Market value based on sales comparison approach, Gross Current Replacement Cost based on cost and estimated remaining useful life. |
| Furniture and equipment | Level 3 | Depreciated Replacement Cost | Management | June 2016 | Market value and estimated remaining useful life. |
| Plant and equipment | Level 3 | Depreciated Replacement Cost | Management | June 2016 | Market value and estimated remaining useful life. |
| | Level 2 | Depreciated Replacement Cost | Independent | June 2016 | Market value and estimated remaining useful life. |

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

| | 2016 | 2015 |
|--|---------------------------|---------------------------|
| | \$ | \$ |
| 7 (a). INFRASTRUCTURE | | |
| Infrastructure - roads | | |
| - Independent valuation 2015 - level 3 | 99,029,897 | 99,029,897 |
| - Additions after valuation - cost | 1,287,830 | 0 |
| Less accumulated depreciation | <u>(3,394,474)</u> | <u>0</u> |
| | 96,923,253 | 99,029,897 |
| | | |
| Infrastructure - footpaths | | |
| - Independent valuation 2015 - level 3 | 567,124 | 567,124 |
| - Additions after valuation - cost | 25,839 | 0 |
| Less accumulated depreciation | <u>(10,740)</u> | <u>0</u> |
| | 582,223 | 567,124 |
| | | |
| Infrastructure - drainage | | |
| - Independent valuation 2015 - level 3 | 1,522,817 | 1,522,817 |
| Less accumulated depreciation | <u>(15,228)</u> | <u>0</u> |
| | 1,507,589 | 1,522,817 |
| | | |
| Infrastructure - parks and ovals | | |
| - Management valuation 2015 - level 3 | 1,536,593 | 1,536,593 |
| - Additions after valuation - cost | 236,810 | 0 |
| Less accumulated depreciation | <u>(36,655)</u> | <u>0</u> |
| | 1,736,748 | 1,536,593 |
| | | |
| Infrastructure - Main Street Development | | |
| - Management valuation 2015 - level 3 | 331,649 | 331,649 |
| Less accumulated depreciation | <u>(6,633)</u> | <u>0</u> |
| | 325,016 | 331,649 |
| | | |
| | <u><u>101,074,829</u></u> | <u><u>102,988,080</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 WICKEPIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

| | Balance as at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/ (Decrements) Transferred to Revaluation | Revaluation (Loss)/ Reversal Transferred to Profit or Loss | Impairment (Losses)/ Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of the Year |
|--|--|-------------------------|-----------------|--|---|--------------------------------------|---------------------------|-----------------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Infrastructure - roads | 99,029,897 | 1,287,830 | 0 | 0 | 0 | 0 | (3,394,474) | 0 | 96,923,253 |
| Infrastructure - footpaths | 567,124 | 25,839 | 0 | 0 | 0 | 0 | (10,740) | 0 | 582,223 |
| Infrastructure - drainage | 1,522,817 | 0 | 0 | 0 | 0 | 0 | (15,228) | 0 | 1,507,589 |
| Infrastructure - parks and ovals | 1,536,593 | 236,810 | 0 | 0 | 0 | 0 | (36,655) | 0 | 1,736,748 |
| Infrastructure - Main Street Development | 331,649 | 0 | 0 | 0 | 0 | 0 | (6,633) | 0 | 325,016 |
| Total infrastructure | <u>102,988,080</u> | <u>1,550,479</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(3,463,730)</u> | <u>0</u> | <u>101,074,829</u> |

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|---|-----------------------------|------------------------------|---------------------------|-------------------------------|---|
| Infrastructure - roads | 3 | Depreciated Replacement Cost | Independent | June 2015 | Valuation report from Talis based on total useful life. |
| Infrastructure - footpaths | 3 | Depreciated Replacement Cost | Independent | June 2015 | Valuation report from Talis based on total useful life. |
| Infrastructure - drainage | 3 | Depreciated Replacement Cost | Independent | June 2015 | Valuation report from Talis based on total useful life. |
| Infrastructure - parks and ovals | 3 | Depreciated Replacement Cost | Independent | June 2015 | Current replacement cost and remaining useful life. |
| Infrastructure - Main Street Development | 3 | Depreciated Replacement Cost | Independent | June 2015 | Current replacement cost and remaining useful life. |

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 WICKEPIN
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 | 78,469 | 47,604 |
| Accrued interest on debentures | 917 | 1,182 |
| ATO liabilities | 24,640 | 61,121 |
| | <u>104,026</u> | <u>109,907</u> |

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

| | | |
|--|---------------|---------------|
| | 28,481 | 49,628 |
| | <u>28,481</u> | <u>49,628</u> |

Non-current

Secured by floating charge

 Debentures

| | | |
|--|----------------|----------------|
| | 108,738 | 137,218 |
| | <u>108,738</u> | <u>137,218</u> |

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|---------------------------------------|--|--|---------------------|
| Opening balance at 1 July 2015 | | | |
| Current provisions | 88,458 | 33,446 | 121,904 |
| Non-current provisions | 0 | 89,624 | 89,624 |
| | <u>88,458</u> | <u>123,070</u> | <u>211,528</u> |
| Additional provision | (836) | 1,154 | 318 |
| Balance at 30 June 2016 | <u>87,622</u> | <u>124,224</u> | <u>211,846</u> |
| Comprises | | | |
| Current | 87,622 | 56,204 | 143,826 |
| Non-current | 0 | 68,020 | 68,020 |
| | <u>87,622</u> | <u>124,224</u> | <u>211,846</u> |

SHIRE OF WICKEPIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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 | 63,028 | 1,683 | 0 | 64,711 | 63,028 | 1,428 | 0 | 64,456 | 61,376 | 1,652 | 0 | 63,028 |
| Plant reserve | 115,912 | 55,333 | 0 | 171,245 | 115,912 | 14,627 | 0 | 130,539 | 93,398 | 22,514 | 0 | 115,912 |
| Building reserve | 90,304 | 163,202 | 0 | 253,506 | 90,304 | 54,545 | 0 | 144,849 | 87,937 | 2,367 | 0 | 90,304 |
| Fire Fighting Reserve | 20,111 | 537 | 0 | 20,648 | 20,111 | 456 | 0 | 20,567 | 19,584 | 527 | 0 | 20,111 |
| Cottage Homes Reserve | 4,821 | 3,167 | 0 | 7,988 | 4,821 | 9,109 | 0 | 13,930 | 4,694 | 127 | 0 | 4,821 |
| Special Events Reserve | 4,682 | 125 | 0 | 4,807 | 4,682 | 106 | 0 | 4,788 | 7,458 | 124 | (2,900) | 4,682 |
| Computer Reserve | 24,058 | 578 | (5,000) | 19,636 | 24,058 | 545 | (5,000) | 19,603 | 37,725 | 1,015 | (14,682) | 24,058 |
| Young Singles Accommodation Re | 38,905 | 13,193 | 0 | 52,098 | 38,905 | 8,882 | 0 | 47,787 | 37,885 | 1,020 | 0 | 38,905 |
| Saleyards Reserve | 11,970 | 826 | 0 | 12,796 | 11,970 | 4,271 | (10,000) | 6,241 | 6,105 | 5,865 | 0 | 11,970 |
| Sewerage Reserve | 95,505 | 22,808 | 0 | 118,313 | 95,505 | 22,165 | 0 | 117,670 | 93,002 | 2,503 | 0 | 95,505 |
| Refuse Reserve | 111,113 | 2,967 | 0 | 114,080 | 111,113 | 2,518 | (60,000) | 53,631 | 36,140 | 74,973 | 0 | 111,113 |
| Land Development Reserve | 106,362 | 2,840 | 0 | 109,202 | 106,362 | 2,411 | (50,000) | 58,773 | 103,574 | 2,788 | 0 | 106,362 |
| Townscape Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,446 | 26 | (1,472) | 0 |
| Staff Housing Reserve | 110,243 | 1,486 | (111,729) | 0 | 110,243 | 0 | 0 | 110,243 | 107,353 | 2,890 | 0 | 110,243 |
| Aged Persons Accommodation Re | 175,362 | 4,683 | 0 | 180,045 | 175,362 | 3,975 | 0 | 179,337 | 125,183 | 50,179 | 0 | 175,362 |
| Swimming Pool Reserve | 86,560 | 27,633 | 0 | 114,193 | 86,560 | 26,962 | 0 | 113,522 | 74,554 | 12,006 | 0 | 86,560 |
| | 1,058,936 | 301,061 | (116,729) | 1,243,268 | 1,058,936 | 152,000 | (125,000) | 1,085,936 | 897,414 | 180,576 | (19,054) | 1,058,936 |

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

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

| Name of Reseve | Anticipated date of use | Purpose of the reserve |
|-------------------------------------|--------------------------------|--|
| Leave reserve | Indefinite | - to be used to fund annual and long service leave requirements |
| Plant reserve | Indefinite | - to be used for the purchase of road plant, machinery and equipment |
| Building reserve | Indefinite | - to be used for the construction of new buildings, predominantly staff housing |
| Fire Fighting Reserve | Indefinite | - to be used to fund the provision of bushfire equipment for brigades |
| Cottage Homes Reserve | Indefinite | - to be used for the future maintenance and construction of new Cottage Home Units |
| Special Events Reserve | Indefinite | - to be used to fund special events and celebrations |
| Computer Reserve | Indefinite | - purchase, upgrade or replacement of hardware as necessary |
| Young Singles Accommodation Reserve | Indefinite | - additional income over expenditure held for future repairs or improvements |
| Saleyards Reserve | Indefinite | - additional income over expenditure held for future repairs or improvements |
| Sewerage Reserve | Indefinite | - additional income over expenditure held for future repairs or improvements |
| Refuse Reserve | Indefinite | - additional income over expenditure held for the future creation or maintenance of the refuse |
| Land Development Reserve | Indefinite | - income received from the sale of the English House held for future development of the English Land |
| Townscape Reserve | Completed | - to be used to fund townscape improvements |
| Staff Housing Reserve | Completed | - this reserve was transferred into the Building Reserve during the year |
| Aged Persons Accommodation Reserve | Indefinite | - to be used for the construction and future maintenance requirements for Aged Person Accommodation |
| Swimming Pool Reserve | Indefinite | - to be used to fund major repairs or improvements at the Wickepin Swimming Pool |

SHIRE OF WICKEPIN
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12. REVALUATION SURPLUS

| | 2016 | 2016 | 2016 | 2016 | 2016 | 2015 | 2015 | 2015 | 2015 | 2015 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| | Opening | Revaluation | Revaluation | Total | Closing | Opening | Revaluation | Revaluation | Total | Closing |
| | Balance | Increment | Decrement | Revaluation | Balance | Balance | Increment | Decrement | Revaluation | Balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land and buildings | 11,528,784 | 0 | 0 | 0 | 11,528,784 | 11,528,784 | 0 | 0 | 0 | 11,528,784 |
| Furniture and equipment | 29,249 | 16,517 | 0 | 16,517 | 45,766 | 29,249 | 0 | 0 | 0 | 29,249 |
| Plant and equipment | 204,515 | 386,871 | 0 | 386,871 | 591,386 | 204,515 | 0 | 0 | 0 | 204,515 |
| Infrastructure - roads | 88,183,684 | 0 | 0 | 0 | 88,183,684 | 13,693,777 | 74,489,907 | 0 | 74,489,907 | 88,183,684 |
| Infrastructure - footpaths | 129,245 | 0 | 0 | 0 | 129,245 | 0 | 129,245 | 0 | 129,245 | 129,245 |
| Infrastructure - drainage | 1,184,585 | 0 | 0 | 0 | 1,184,585 | 0 | 1,184,585 | 0 | 1,184,585 | 1,184,585 |
| Infrastructure - parks and ovals | 1,157,683 | 0 | 0 | 0 | 1,157,683 | 0 | 1,157,683 | 0 | 1,157,683 | 1,157,683 |
| | <u>102,417,745</u> | <u>403,388</u> | <u>0</u> | <u>403,388</u> | <u>102,821,133</u> | <u>25,456,325</u> | <u>76,961,420</u> | <u>0</u> | <u>76,961,420</u> | <u>102,417,745</u> |

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

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2016 | 2016 | 2015 |
|---------------------------|------------------|------------------|------------------|
| | \$ | Budget | \$ |
| Cash and cash equivalents | <u>2,037,049</u> | <u>1,215,620</u> | <u>2,603,468</u> |

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

| | | | |
|--|--------------------|--------------------|--------------------|
| Net result | (3,432,987) | 122,411 | 715,768 |
| Non-cash flows in Net result: | | | |
| Depreciation | 4,652,693 | 1,909,000 | 1,954,982 |
| (Profit)/Loss on sale of asset | 68,449 | 40,558 | 78,662 |
| Loss on revaluation of fixed assets | 270,785 | 0 | 133,291 |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | (40,083) | (4,800) | (34,310) |
| Increase/(Decrease) in payables | (5,881) | 4,800 | 2,068 |
| Increase/(Decrease) in provisions | 318 | 0 | 13,509 |
| Grants contributions for the development of assets | <u>(1,023,654)</u> | <u>(2,173,540)</u> | <u>(1,011,271)</u> |
| Net cash from operating activities | <u>489,640</u> | <u>(101,571)</u> | <u>1,852,699</u> |

| | 2016 | 2015 |
|--|----------------|----------------|
| | \$ | \$ |
| (c) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank overdraft limit | 0 | 0 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 10,000 | 10,000 |
| Credit card balance at balance date | <u>384</u> | <u>0</u> |
| Total amount of credit unused | <u>10,384</u> | <u>10,000</u> |
| Loan facilities | | |
| Loan facilities - current | 28,481 | 49,628 |
| Loan facilities - non-current | <u>108,738</u> | <u>137,218</u> |
| Total facilities in use at balance date | <u>137,219</u> | <u>186,846</u> |
| Unused loan facilities at balance date | <u>NIL</u> | <u>NIL</u> |

SHIRE OF WICKEPIN
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14. CONTINGENT LIABILITIES

The Shire of Wickepin did not have any contingent liabilities at the 30 June 2016.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

SHIRE OF WICKEPIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. JOINT VENTURE ARRANGEMENTS

The Shire of Wickepin, together with the Shires of Pingelly and Cuballing purchased a digital outdoor movie screen and projector. The Shire of Wickepin and Cuballing purchased a speed display trailer.

These assets are included in Property, Plant & Equipment as follows:

| | 2016 | 2015 |
|--------------------------------|----------------------|----------------------|
| | \$ | \$ |
| Non-current assets | | |
| Plant and equipment | 21,000 | 19,155 |
| Less: accumulated depreciation | <u>0</u> | <u>(5,401)</u> |
| | <u><u>21,000</u></u> | <u><u>13,754</u></u> |

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2016 | 2015 |
|-----------------------------|---------------------------|---------------------------|
| | \$ | \$ |
| Governance | 498,170 | 525,716 |
| General purpose funding | 22,232 | 21,616 |
| Law, order, public safety | 480,480 | 696,031 |
| Housing | 1,993,769 | 2,101,786 |
| Community amenities | 2,910,447 | 2,895,696 |
| Recreation and culture | 12,786,490 | 13,080,909 |
| Transport | 100,082,496 | 101,872,069 |
| Economic services | 967,224 | 1,046,869 |
| Other property and services | 562,650 | 545,397 |
| Unallocated | 1,831,295 | 2,433,953 |
| | <u><u>122,135,253</u></u> | <u><u>125,220,042</u></u> |

SHIRE OF WICKEPIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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| | 2016 | 2015 | 2014 |
|-----------------------------------|--------|--------|--------|
| 18. FINANCIAL RATIOS | | | |
| Current ratio | 4.59 | 7.23 | 2.22 |
| Asset sustainability ratio | 0.44 | 1.06 | 1.37 |
| Debt service cover ratio | 3.45 | 15.34 | 3.93 |
| Operating surplus ratio | (2.30) | (0.18) | (0.86) |
| Own source revenue coverage ratio | 0.28 | 0.41 | 0.41 |

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 83 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 \$744,089.

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 | 15.92 | 8.43 |
| Operating surplus ratio | (1.92) | (0.59) |

SHIRE OF WICKEPIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. TRUST FUNDS

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

| | 1 July 2015 | Amounts Received | Amounts Paid | 30 June 2016 |
|--------------------------------|------------------------|-----------------------------|-------------------------|-------------------------|
| | \$ | \$ | (\$) | \$ |
| Housing Bonds | 0 | 1,260 | (1,060) | 200 |
| BCITF | 0 | 1,643 | (1,643) | 0 |
| Key Deposits | 0 | 1,800 | (1,500) | 300 |
| Miscellaneous Trust | 7,545 | 1,032 | (1,095) | 7,482 |
| WDSC Bowling Green Replacement | 37,964 | 15,516 | 0 | 53,480 |
| Cat/Dog Trap Hire | 0 | 100 | (100) | 0 |
| Nomination Deposits | 0 | 320 | (320) | 0 |
| Kidsport | 0 | 3,300 | (2,412) | 888 |
| Albert Facey Homestead | 0 | 10,355 | (781) | 9,574 |
| | <u>45,509</u> | | | <u>71,924</u> |

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Actual Net Book Value \$ | Actual Sale Proceeds \$ | Actual Profit \$ | Actual Loss \$ | Budget Net Book Value \$ | Budget Sale Proceeds \$ | Budget Profit \$ | Budget Loss \$ |
|-----------------------------|-----------------------------------|----------------------------------|------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|----------------------|
| Plant and Equipment | | | | | | | | |
| Governance | | | | | | | | |
| CEO Vehicle | 42,536 | 39,091 | 0 | (3,445) | 42,000 | 44,421 | 2,421 | 0 |
| CEO Vehicle | 34,785 | 33,986 | 0 | (799) | 42,000 | 44,421 | 2,421 | 0 |
| Cambridge Desk & Credenza | 525 | 0 | 0 | (525) | 0 | 0 | 0 | 0 |
| Planex Map Cabinet | 42 | 0 | 0 | (42) | 0 | 0 | 0 | 0 |
| Council Chambers Table | 393 | 0 | 0 | (393) | 0 | 0 | 0 | 0 |
| Council Chambers Chairs | 5,540 | 0 | 0 | (5,540) | 0 | 0 | 0 | 0 |
| Chambers Visitor Chairs | 1,932 | 0 | 0 | (1,932) | 0 | 0 | 0 | 0 |
| Workstation Partitions | 3,150 | 0 | 0 | (3,150) | 0 | 0 | 0 | 0 |
| Seating (Admin) | 707 | 0 | 0 | (707) | 0 | 0 | 0 | 0 |
| Risograph Watershed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refrigerator Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Computer Workstation | 770 | 0 | 0 | (770) | 0 | 0 | 0 | 0 |
| Ricoh Copier Watershed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Computer Workstation | 455 | 0 | 0 | (455) | 0 | 0 | 0 | 0 |
| Sony Handycam | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Copier Watershed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recreation and culture | | | | | | | | |
| Dolphin Pool Cleaner | 1,000 | 0 | 0 | (1,000) | 0 | 0 | 0 | 0 |
| Catering Tables Harrismith | 46 | 0 | 0 | (46) | 0 | 0 | 0 | 0 |
| Rubber Cricket Wicket Cover | 91 | 0 | 0 | (91) | 0 | 0 | 0 | 0 |
| Transport | | | | | | | | |
| Isuzu 6 Wheel Truck | 126,149 | 83,636 | 0 | (42,513) | 128,000 | 63,000 | 0 | (65,000) |
| Isuzu Crew Cab | 0 | 12,727 | 12,727 | 0 | 0 | 20,000 | 20,000 | 0 |
| Caterpillar Vibe Roller | 28,475 | 23,000 | 0 | (5,475) | 27,000 | 35,000 | 8,000 | 0 |
| Car Trailer | | | | | 1,400 | 0 | 0 | (1,400) |
| Manager of Works Vehicle | 39,827 | 28,000 | 0 | (11,827) | 35,000 | 28,000 | 0 | (7,000) |
| Facey Group Vehicle | 22,745 | 20,279 | 0 | (2,466) | 24,000 | 24,000 | 0 | 0 |
| | <u>309,168</u> | <u>240,719</u> | <u>12,727</u> | <u>(81,176)</u> | <u>299,400</u> | <u>258,842</u> | <u>32,842</u> | <u>(73,400)</u> |

SHIRE OF WICKEPIN
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21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars | Principal | New | Principal | | Principal | | Interest | |
|-------------------------------------|-----------|-----|-----------|------------|-----------|--------------|----------|------------|
| | 1 July | | Loans | Repayments | Budget | 30 June 2016 | Budget | Repayments |
| | 2015 | | Actual | | Actual | | Actual | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Housing | | | | | | | | |
| 100 - CEO Residence | 110,176 | | 19,533 | 19,533 | 90,643 | 90,644 | 6,742 | 6,664 |
| Recreation and culture | | | | | | | | |
| 99 - Wickepin Community Centre Ext | 22,622 | | 22,622 | 22,623 | 0 | 0 | 968 | 1,225 |
| Other property and services | | | | | | | | |
| | 132,798 | 0 | 42,155 | 42,156 | 90,643 | 90,644 | 7,710 | 7,889 |
| <u>Self Supporting Loans</u> | | | | | | | | |
| Housing | | | | | | | | |
| Recreation and culture | | | | | | | | |
| 101 - WDS Club Tractor SS Loan | 4,225 | | 2,073 | 2,073 | 2,152 | 2,152 | 354 | 195 |
| 102 - WDS Club Greens SS Loan | 49,823 | | 5,399 | 5,399 | 44,424 | 44,424 | 1,997 | 2,250 |
| | 54,048 | 0 | 7,472 | 7,472 | 46,576 | 46,576 | 2,351 | 2,445 |
| | 186,846 | 0 | 49,627 | 49,628 | 137,219 | 137,220 | 10,061 | 10,334 |

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

**SHIRE OF WICKEPIN
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FOR THE YEAR ENDED 30TH JUNE 2016**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

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

(d) Overdraft

Council has not utilised an overdraft facility during the financial year ended 30 June 2016.

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22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|---|---------------|----------------------------|-------------------------|-----------------------|------------------------|---------------------|------------------------|---------------------------------|---------------------------------|------------------------------|----------------------------------|
| Differential general rate / general rate | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | |
| Gross rental value valuations | 0.067788 | 192 | 1,774,495 | 120,289 | | | 120,289 | 120,289 | 0 | 0 | 120,289 |
| Unimproved value valuations | | | | | | | | | | | |
| Unimproved value valuations | 0.0105 | 272 | 121,337,500 | 1,268,584 | 1,008 | 3,732 | 1,273,324 | 1,273,175 | 250 | (50) | 1,273,375 |
| Unimproved value valuations - Mining | 0.0105 | 5 | 439,137 | 4,591 | 0 | 0 | 4,591 | | | | 0 |
| Sub-Total | | 469 | 123,551,132 | 1,393,464 | 1,008 | 3,732 | 1,398,204 | 1,393,464 | 250 | (50) | 1,393,664 |
| Minimum payment | \$ | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | |
| Gross rental value valuations | 365 | 64 | 84,971 | 23,360 | | | 23,360 | 23,360 | 0 | 0 | 23,360 |
| Unimproved value valuations | | | | | | | | | | | |
| Unimproved value valuations | 365 | 10 | 173,500 | 3,650 | 0 | 0 | 3,650 | 3,650 | 0 | 0 | 3,650 |
| Unimproved value valuations - Mining | 365 | 2 | 45,347 | 730 | 0 | 0 | 730 | 730 | | | 730 |
| Sub-Total | | 76 | 303,818 | 27,740 | 0 | 0 | 27,740 | 27,740 | 0 | 0 | 27,740 |
| | | 545 | 123,854,950 | 1,421,204 | 1,008 | 3,732 | 1,425,944 | 1,421,204 | 250 | (50) | 1,421,404 |
| Discounts/concessions (refer note 26) | | | | | | | (127,625) | | | | (120,845) |
| Total amount raised from general rate | | | | | | | 1,298,319 | | | | 1,300,559 |
| Specified Area Rate (refer note 24) | | | | | | | 54,166 | | | | 52,119 |
| Ex-gratia rates | | | | | | | 6,021 | | | | 6,020 |
| Totals | | | | | | | 1,358,506 | | | | 1,358,698 |

SHIRE OF WICKEPIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. NET CURRENT ASSETS

Composition of net current assets

| | 2016 (30 June 2016 Carried Forward) \$ | 2016 (1 July 2015 Brought Forward) \$ | 2015 (30 June 2015 Carried Forward) \$ |
|--|---|--|---|
| Surplus/(Deficit) 1 July 15 brought forward | <u>715,793</u> | <u>1,442,502</u> | <u>1,442,502</u> |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 793,781 | 1,441,122 | 1,441,122 |
| Restricted | 1,243,268 | 1,162,346 | 1,162,346 |
| Receivables | | | |
| Rates outstanding | 25,543 | 24,553 | 24,553 |
| Sundry debtors | 127,981 | 47,756 | 47,756 |
| GST receivable | 16,340 | 57,472 | 57,472 |
| Loans receivable - clubs/institutions | 7,769 | 7,473 | 7,473 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry creditors | (78,469) | (47,604) | (47,604) |
| Accrued interest on debentures | (917) | (1,182) | (1,182) |
| ATO liabilities | (24,640) | (61,121) | (61,121) |
| Current portion of long term borrowings | | | |
| Secured by floating charge | (28,481) | (49,628) | (49,628) |
| Provisions | | | |
| Provision for annual leave | (87,622) | (88,458) | (88,458) |
| Provision for long service leave | (56,204) | (33,446) | (33,446) |
| Unadjusted net current assets | <u>1,938,349</u> | <u>2,459,283</u> | <u>2,459,283</u> |
| Adjustments | | | |
| Less: Reserves - restricted cash | (1,243,268) | (1,058,936) | (1,058,936) |
| Less: Loans receivable - clubs/institutions | (7,769) | (7,473) | (7,473) |
| Add: Secured by floating charge | 28,481 | 49,628 | 49,628 |
| Adjusted net current assets - surplus/(deficit) | <u><u>715,793</u></u> | <u><u>1,442,502</u></u> | <u><u>1,442,502</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 WICKEPIN
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FOR THE YEAR ENDED 30TH JUNE 2016

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

| Specified Area Rate | Basis of Valuation | Rate in \$ | Rateable Value \$ | Rate Revenue \$ | Interim Rate Revenue \$ | Back Rate Revenue \$ | Total Specified Area Rate Revenue | Budget Rate Revenue \$ | Budget Back Rate Revenue \$ | Budget Interim Rate Revenue \$ |
|----------------------------|---------------------------|-------------------|--------------------------|------------------------|--------------------------------|-----------------------------|--|-------------------------------|------------------------------------|---------------------------------------|
| Wickepin Sewerage Scheme | Rate in \$ | 0.0448 | 1,104,893 | 54,166 | 0 | 0 | 54,166 | 52,119 | 0 | 0 |
| | | | | 54,166 | 0 | 0 | 54,166 | 52,119 | 0 | 0 |

| Specified Area Rate | Purpose of the rate | Area/properties Rate Imposed | Rate Applied to Costs \$ | Rate Set Aside to Reserve \$ | Reserve Applied to Costs \$ | Budget Rate Applied to Costs \$ | Budget Rate Set Aside to Reserve \$ | Budget Reserve Applied to Costs \$ |
|----------------------------|----------------------------|-------------------------------------|---------------------------------|-------------------------------------|------------------------------------|--|--|---|
| Wickepin Sewerage Scheme | Maintenance and upkeep | GRV | 31,366 | 20,000 | 0 | (40,075) | 0 | 0 |
| | | | 31,366 | 20,000 | 0 | (40,075) | 0 | 0 |

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

**SHIRE OF WICKEPIN
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**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

Rates Discounts

| Rate or Fee Discount Granted | Discount % or \$ | Actual \$ | Budget \$ | Circumstances in which Discount is Granted |
|---|---------------------------------|----------------------|----------------------|---|
| General Rates Discount | 10.00% | 127,625 | 120,845 | A discount on rates is granted to all who pay their rates in full within 35 days of the date of service |
| | | <u>127,625</u> | <u>120,845</u> | |

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

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

| | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|-----------------------------|---------------------|--|--|---|
| Instalment Options | | | | |
| Option One | | | | |
| Single full payment | 28-Sep-15 | 0 | 0.00% | 11.00% |
| Option Two | | | | |
| First Instalment | 28-Sep-15 | 0 | 0.00% | 11.00% |
| Second Instalment | 31-Jan-16 | 0 | 0.00% | 11.00% |
| Option Three | | | | |
| First Instalment | 28-Sep-15 | 0 | 0.00% | 11.00% |
| Second Instalment | 30-Nov-15 | 0 | 0.00% | 11.00% |
| Third Instalment | 31-Jan-16 | 0 | 0.00% | 11.00% |
| Fourth Instalment | 01-Apr-16 | 0 | 0.00% | 11.00% |
| | | | Revenue | Budgeted Revenue |
| | | | \$ | \$ |
| Interest on unpaid rates | | | 3,679 | 4,000 |
| Interest on instalment plan | | | 0 | 0 |
| Charges on instalment plan | | | 0 | 0 |
| | | | 3,679 | 4,000 |
| | | | 3,679 | 4,000 |

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

| 28. FEES & CHARGES | 2016 | 2015 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Governance | 8,418 | 21,355 |
| General purpose funding | 9,189 | 15,548 |
| Law, order, public safety | 45,373 | 41,251 |
| Health | 437 | 45 |
| Education and welfare | 468 | 882 |
| Housing | 119,263 | 73,313 |
| Community amenities | 110,803 | 124,608 |
| Recreation and culture | 96,833 | 21,727 |
| Transport | 17,154 | 36,193 |
| Economic services | 44,816 | 49,857 |
| Other property and services | 55,198 | 38,937 |
| | <u>507,952</u> | <u>423,716</u> |

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

29. GRANT REVENUE

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

| By Nature or Type: | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating grants, subsidies and contributions | | |
| General purpose funding | 718,257 | 2,198,336 |
| Law, order, public safety | 31,719 | 24,594 |
| Recreation and culture | 32,000 | 30,000 |
| Transport | 108,300 | 99,600 |
| | <u>890,276</u> | <u>2,352,530</u> |
| Non-operating grants, subsidies and contributions | | |
| Law, order, public safety | 0 | 315,287 |
| Housing | 0 | 51,260 |
| Community amenities | 0 | 30,000 |
| Recreation and culture | 88,199 | 21,500 |
| Transport | 935,455 | 615,113 |
| | <u>1,023,654</u> | <u>1,033,160</u> |
| | <u>1,913,930</u> | <u>3,385,690</u> |

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | |
|----|----|
| 18 | 18 |
|----|----|

31. ELECTED MEMBERS REMUNERATION

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

| | 2016 | 2016 | 2015 |
|------------------------------|---------------|---------------|---------------|
| | \$ | Budget | \$ |
| Meeting Fees | 10,282 | 12,500 | 12,270 |
| President's allowance | 125 | 1,500 | 3,000 |
| Travelling expenses | 6,790 | 8,622 | 7,517 |
| Telecommunications Allowance | 4,205 | 4,205 | 4,205 |
| | <u>21,402</u> | <u>26,827</u> | <u>26,992</u> |

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

32. MAJOR LAND TRANSACTIONS

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

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|-----------------------|------------------|-------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 2,037,049 | 2,603,468 | 2,037,049 | 2,603,468 |
| Receivables | 216,438 | 183,828 | 216,438 | 183,828 |
| | <u>2,253,487</u> | <u>2,787,296</u> | <u>2,253,487</u> | <u>2,787,296</u> |
| Financial liabilities | | | | |
| Payables | 104,026 | 109,907 | 104,026 | 109,907 |
| Borrowings | 137,219 | 186,846 | 137,219 | 186,846 |
| | <u>241,245</u> | <u>296,753</u> | <u>241,245</u> | <u>296,753</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.

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

| | 2016 | 2015 |
|---|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% (1) movement in interest rates on cash | | |
| - Equity | 20,370 | 26,035 |
| - Statement of Comprehensive Income | 20,370 | 26,035 |

Notes:

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

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

| | 2016 | 2015 |
|--|-------------|-------------|
| Percentage of rates and annual charges | | |
| - Current | 48% | 35% |
| - Overdue | 52% | 65% |
| Percentage of other receivables | | |
| - Current | 99% | 99% |
| - Overdue | 1% | 1% |

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
|--------------------|---|---|---|--|-----------------------------------|
| <u>2016</u> | | | | | |
| Payables | 104,026 | 0 | 0 | 104,026 | 104,026 |
| Borrowings | 35,054 | 105,797 | 14,677 | 155,528 | 137,219 |
| | <u>139,080</u> | <u>105,797</u> | <u>14,677</u> | <u>259,554</u> | <u>241,245</u> |
| <u>2015</u> | | | | | |
| Payables | 109,907 | 0 | 0 | 109,907 | 109,907 |
| Borrowings | 58,827 | 133,516 | 22,017 | 214,360 | 186,846 |
| | <u>168,734</u> | <u>133,516</u> | <u>22,017</u> | <u>324,267</u> | <u>296,753</u> |

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

| | <u><1 year</u> | <u>>1<2 years</u> | <u>>2<3 years</u> | <u>>3<4 years</u> | <u>>4<5 years</u> | <u>>5 years</u> | <u>Total</u> | <u>Average Effective Interest Rate</u> |
|---|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|--------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| <u>Year ended 30 June 2016</u> | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debentures | 28,480 | 27,805 | 29,365 | 31,014 | 6,582 | 13,971 | 137,217 | 5.23% |
| Weighted average Effective interest rate | 5.35% | 5.48% | 5.48% | 5.49% | 4.00% | 4.00% | | |
| <u>Year ended 30 June 2015</u> | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debentures | 22,622 | 0 | 0 | 0 | 114,402 | 49,822 | 186,846 | 5.42% |
| Weighted average Effective interest rate | 6.13% | | | | 5.90% | 4.00% | | |

Independent Audit Report for the Year Ended 30 June 2016

**SHIRE OF WICKEPIN
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 | 0.95 | 0.983 | 4.90 |
| Asset renewal funding ratio | 1.00 | 1.044 | 1.40 |

The above ratios are calculated as follows:

| | |
|-----------------------------|---|
| Asset consumption ratio | $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$ |
| Asset renewal funding ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |