

Annual Report 2015/2016



Contents

Our Vision.....	3
Councillors.....	4
Shire Profile.....	5
Organisational Structure.....	6
Shire Presidents Report.....	7
Chief Executive Officers Report.....	9
Deputy Chief Executive Officers Report.....	11
Executive Manager Infrastructure Report.....	16
Manager Regulatory Services Report.....	20
Manager Community Services Report.....	23
Employee Remuneration.....	27
Register of Complains of Minor Breaches.....	27
2015-2016 Annual Financial Report And Independent Auditors Report.....	28





OUR VISION

The Shire of Yilgarn is a strong farming and mining community. We are a progressive Shire where people of all ages love to call home. Tourism is a key industry and local businesses thrive.



Our Council



President
Cr Onida T Truran

Served on Council
since 2009

Current Term
2015-2019



Deputy President
Cr Wayne A
Della Bosca

Served on
Council since
2009

Current Term
2013-2017



Cr David J
Pasini

Served on
Council since
1996

Current Term
2015-2019



Cr Kim L Chrisp

Served on
Council since
2013

Current Term
2013-2017



Cr Julie AM
Della Bosca

Served on
Council since
2009

Current Term
2013-2017



Cr Bryan Close

Served on
Council since
2013

Current Term
2013-2017



Cr Phil Nolan

Served on
Council since
2015

Current Term
2015-2019

Shire of Yilgarn

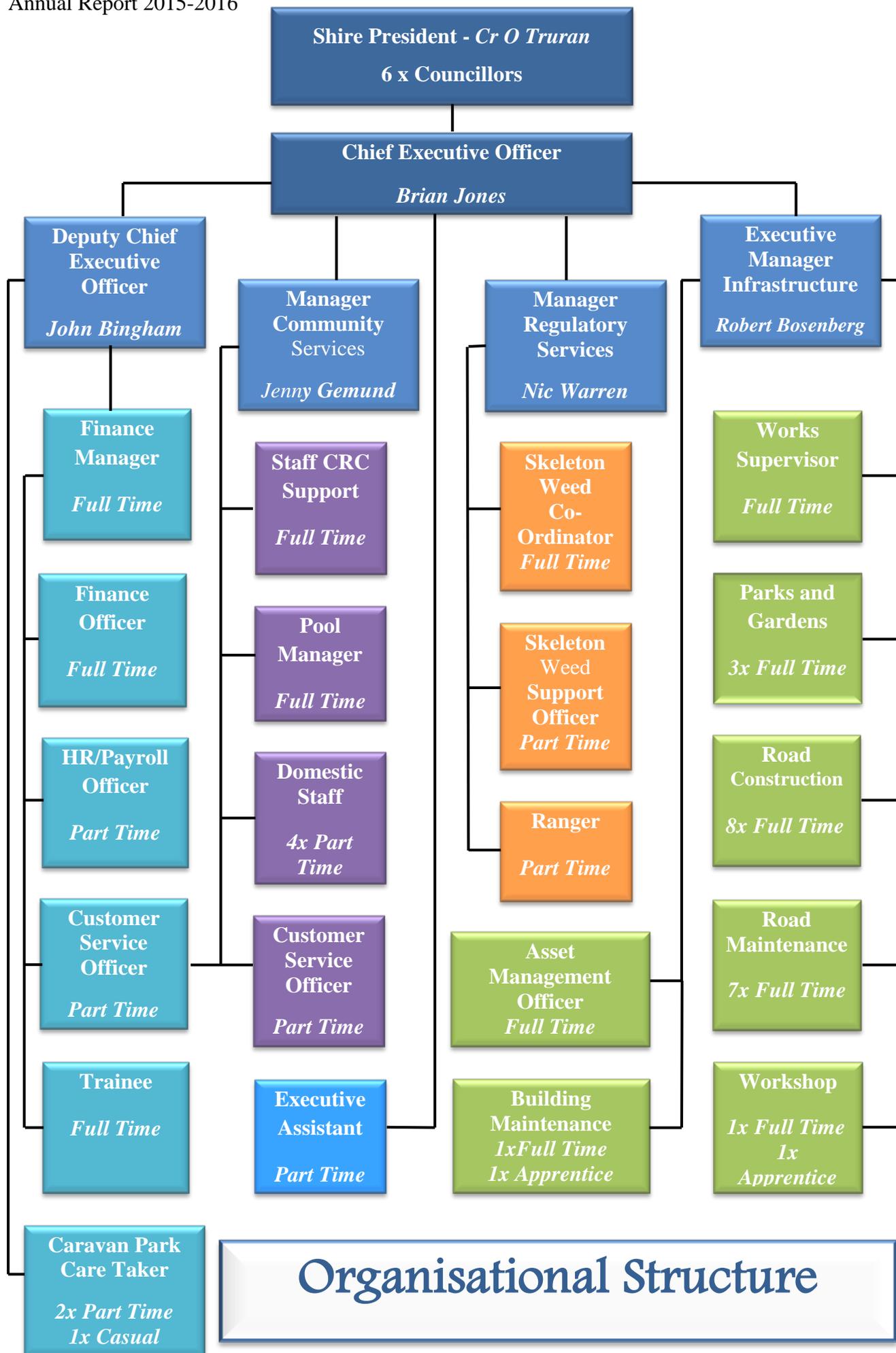
The Shire of Yilgarn is 30,720 square km in area and has a population of approx. 1690. The Yilgarn is known by many as the gateway to the Wheatbelt and the Goldfields. The name “Yilgarn” is Aboriginal for “white stone” or quartz”.

Southern Cross is the major town centre of the Shire of Yilgarn and is 370km east of Perth along the Great Eastern Highway. Other town sites in the Shire include Bodallin, Bullfinch, Ghooli, Koolyanobbing, Marvel Loch, Moorine Rock and Yellowdine.

The two major industries in the area are Agriculture and Mining. Gold, gypsum, salt and iron ore are mined, while grain, wool, sheep, cattle and pigs are the focus of the rural industry.

Along with farming, mining is a major industry within the Yilgarn. Gold was first discovered at Eenuin and Golden Valley in late 1887. Early in 1888, Tom Riseley and Mick Toomey discovered gold in the locality they named “Southern Cross” after the stars which had been their guide. All the streets, parks, and the salt lake, which passes through the town, are named after the stars and constellations. This amazing concept is just another unique aspect about the Yilgarn and the town of Southern Cross. The co-existence of mining and agriculture has balanced the Yilgarn’s economy, with the two activities supplementing and complementing each other through their respective boom and bust cycles.







Shire Presidents Report

Council Elections

In October 2015 the elections for Councillor were held across the state. Local government Councillors are elected for four year terms, with elections held every two years, with half of the Councillor positions being vacant. There were three vacancies for the Shire of Yilgarn and Council agreed to conduct the election by postal vote for the first time. The decision to conduct the election by postal vote proved successful with a participation rate of 47%

The election results were:

David Pasini	278	Elected for four year term
Onida Truran	277	Elected for four year term
Phil Nolan	163	Elected for four year term
John Hall	130	

I wish to thank retiring Councillor Gary Guerini who served one term (2012 to 2016) on Council and welcome Councillor Phil Nolan.

Following the Council elections I was re-elected Shire President and Cr Wayne Della Bosca was re-elected Deputy Shire President, both for two year terms.

New Chief Executive Officer

Council appointed Mr Brian Jones to the position of Chief Executive Officer, commencing in early September 2015. Brian replaced Mr Eddie Piper who was acting Chief Executive Officer following the departure of Vivienne Piccoli in March 2015.

I would like to thank Eddie for his time at the Shire and welcome Brian to the position.

Australia Day Awards

The annual Australia Day Awards and family fun day was again held on 26 January 2016.

Congratulations go to the worthy recipients of the Premier's Active Citizenship Australia Day Awards; Judy Guerini and Southern Cross Volunteer Fire & Rescue Service.

I would also like to thank all the members of the community that helped on the day and those who attended the 2016 Australia Day Community Breakfast.

Annual Report 2015-2016

Strategic Community Plan

The Shire of Yilgarn, as with all local governments in WA, implemented the integrated planning and reporting framework in 2013. This gives local governments a framework for establishing local priorities and to link this information to operational functions and requires the Council to be more strategic and forward thinking.

The framework requires each Local Government to have three levels of integrated strategic planning, informed and supported by appropriate resourcing and asset management plans. The key components are:

- ✓ The 10 year Strategic Community Plan (Level 1)
- ✓ The 4 year Corporate Business Plan (Level 2)
- ✓ The Annual Budget (Level 3)

During the 2015/16 financial year Council undertook a desktop review of the Corporate Business Plan and commenced a major review of the Strategic Community Plan, including a number of public workshops in April 2016 to allow residents to have their say.

The revised Strategic Community Plan is expected to be adopted by Council in July 2016.

Tourism Strategy

Over the past couple of years Council has been seriously considering the establishment of a Visitor Information Centre and co-locating the CRC. This included the decision to purchase 11 Antares Street in July 2015 for \$220,000.

Following further investigation Council agreed that the ongoing operating costs could not be justified given the trend towards the use of Information Technology to engage with and provide visitor information, more so considering the anticipated arrival of the NBN in 2017. Advice received was that visitors were increasingly utilising on-line technology to obtain information and that operating a Visitor Information Centre is restrictive in that it would only be opened during normal business hours or for special occasions.

Council subsequently agreed not to proceed with the establishment of a Visitor Information Centre and to focus on the use of information technology. The five Wheatbelt East local governments (Merredin, Kellerberrin, Bruce Rock, Westonia & Yilgarn) have subsequently agreed to develop an App for this purpose and Council has agreed to consider free wi-fi in the Southern Cross Town Centre.

Cr Onida Truran
Shire President





Chief Executive Officers Report

I commenced as Chief Executive Officer in early September 2015 and I thank Council for the opportunity to serve the Shire of Yilgarn as CEO.

Staff Changes & New Structure

There have been a number of new appointments at the Shire office recently, including Nalukui Mwale who commenced as our Finance Manager in November 2015 and Ellen Gerick who commenced as our Administration Officer Trainee on 27 January 2016.

In February 2016 we had two new Managers starting at the Shire. Nic Warren is our new Manager Regulatory Services. This position replaces Wendy Dallywater who leaves the Shire after 14 years of service.

Jenny Gemund is our new Manager Community Services. This position replaces the previous CRC Co-ordinator position. Jenny will be responsible for managing the Community Resource Centre and will also be proactive in working with sporting and community groups to assist in ensuring Southern Cross remains a great place to live.

New Doctor

In December 2015 Council negotiated a contract with Dr Mark Byrne to provide GP services in Southern Cross. This followed a period where we did not have access to a GP following the resignation of the previous GP. Dr Byrne with his wife Natalie and family arrived in Southern Cross early in 2016 to take over management of the Practice.

The Shire would like to thank Rural Health West for their support in the recruitment of a new Doctor. We would also like to thank Stephanie Oetiker and Laura Black for their assistance and community service during the time prior to Dr Byrne's arrival in Southern Cross.

Independent Living Units

During the 2015/16 financial year the first stage of the Independent Living Units (ILU's) project located on the corner of Antares and Canopus Street was completed. This included the full servicing of all 12 land parcels and completion of the first four ILU's. The total project costs for this stage was \$1.48m with \$424,361 being funded from Royalties for Regions and the balance being from funds that Council has put aside for this project from as far back as 2012/13 when the need for ILU's was first recognised.

Annual Report 2015-2016

The town planning requirements saw four lots, being the old bowling club and adjacent vacant land, and comprising a total 6,070m², being amalgamated into one lot and rezoned to residential with an R30 density code.

Council has been working with the Central East Aged Care Alliance (CEACA) to secure funding to continue the development of this 12 unit (when fully developed) complex.

CEACA is a partnership of eleven Wheatbelt Shires (Bruce Rock, Kellerberrin, Koorda, Merredin, Mt Marshall, Mukinbudin, Nungarin, Trayning, Westonia, Wyalkatchem and Yilgarn) with the purpose of capturing economic benefit in the Wheatbelt by providing older people with the necessary services and infrastructure to remain living in their community of interest. CEACA has formulated a staged 6 year program to construct 187 ILUs across those eleven Shires to meet increasing demand for age housing.

Caravan Park

The Southern Cross Caravan Park upgrade project, utilising 2012/13 Royalties for Regions funding, was completed in June 2016. The project included a complete refurbishment of one of the ablution blocks, installation of new sullage pits and an upgrade to electrical works including the provision of seven new sites with 15 amp power to cater for the larger fifth wheeler caravans.

The total project cost was \$465,000 with \$392,000 being funded from Royalties for Regions.

Brian Jones
Chief Executive Officer





Deputy Chief Executive Officer's Report

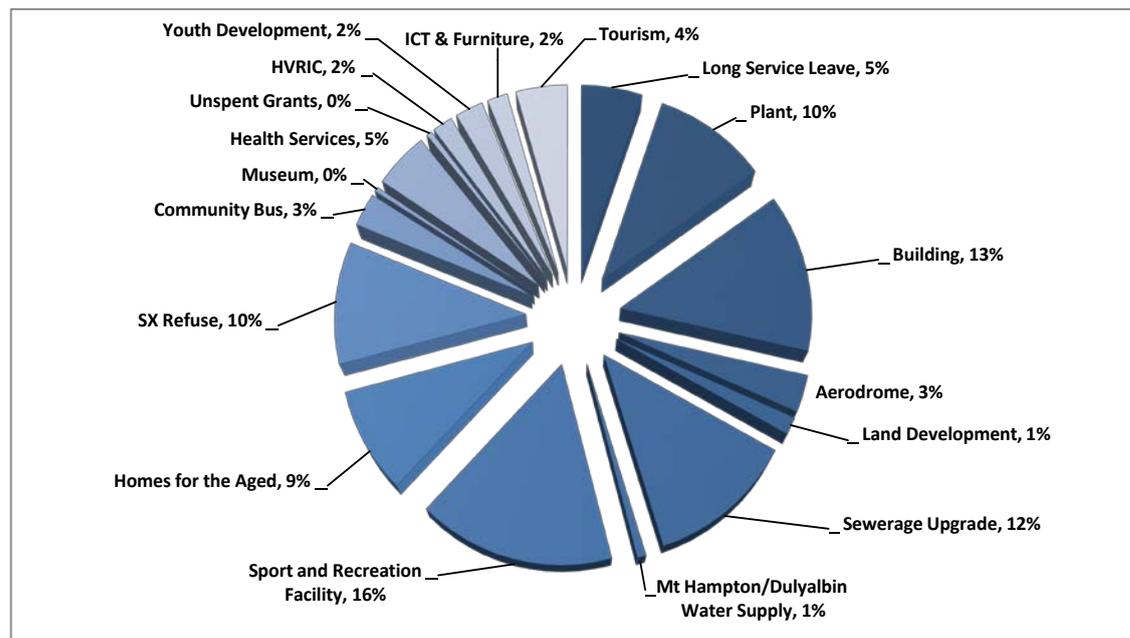
FINANCIAL SUMMARY

Council concluded the financial year with an unadjusted net Current Asset position of \$4.2m, which is a decrease of \$2.5m on the 2015 reported figure of \$6.7m.

Council's Auditor, Moore Stephens, has completed an Audit of the Shire of Yilgarn Financial Statements for the period 1st July 2015 to 30th June 2016 and has submitted an Independent Auditor Report to that effect. A copy of the Report can be found in the final pages of this document, in addition to the Annual Financial Statements.

Reserve Funds

At 30th June 2016, Council held \$4,135,272 within several different special purpose Reserve accounts. In an effort to demonstrate where these funds are held, the following chart is provided.



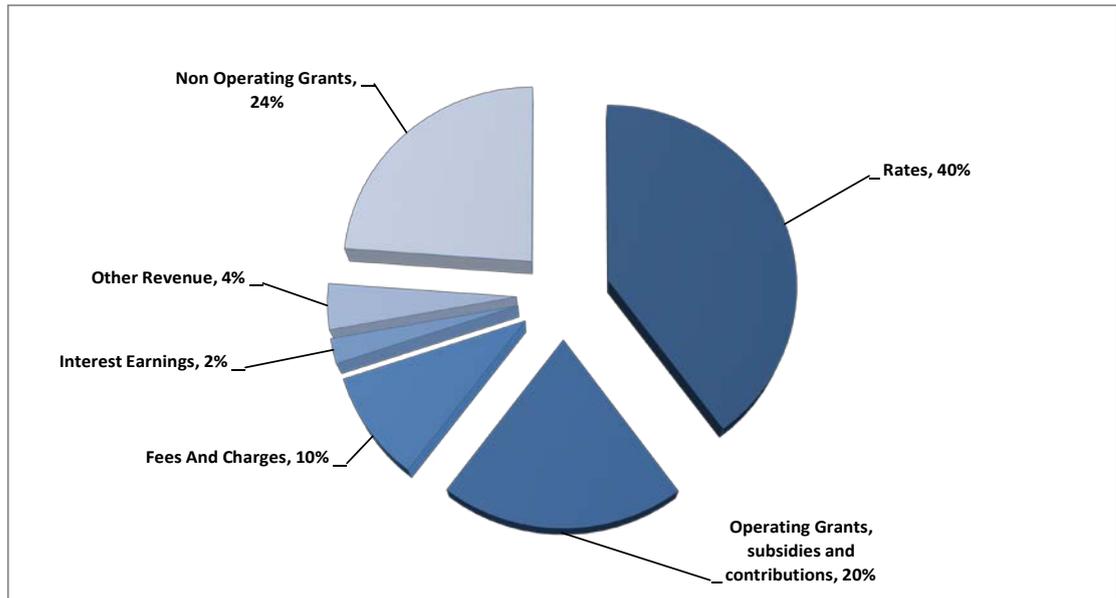
Fair Value

The Shire's Plant and Equipment undertook a revaluation exercise during the year resulting in a net increase Change on Revaluation of Fixed Assets of \$1,574,911.

Annual Report 2015-2016

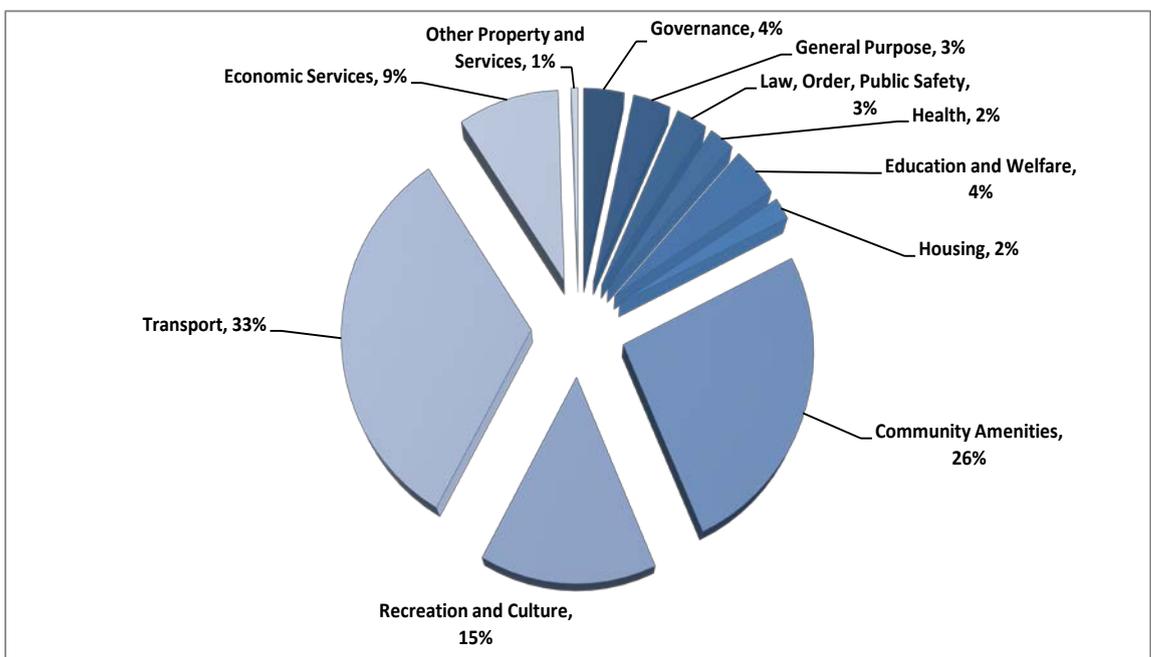
Revenue

Council receives nearly half of its revenue from rates with grants, subsidies and contributions making up the bulk of the rest.



Expenditure

Council's operating expenditure was mainly in the areas of roads, recreation and culture.

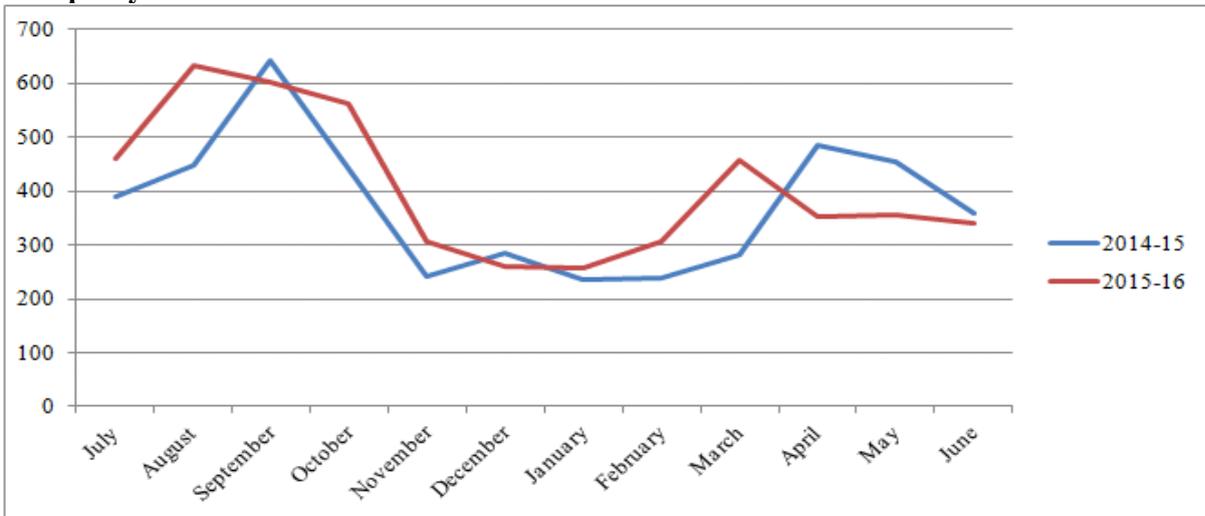


CARAVAN PARK

The Caravan Park improved its occupancy numbers as well as its income in 2015/16 (see below graphs). A total of 4,897 visitors enjoyed the park facilities for the period and thanks go to our caretaker couple Peter and Debra Gordon for providing quality services to occupants.

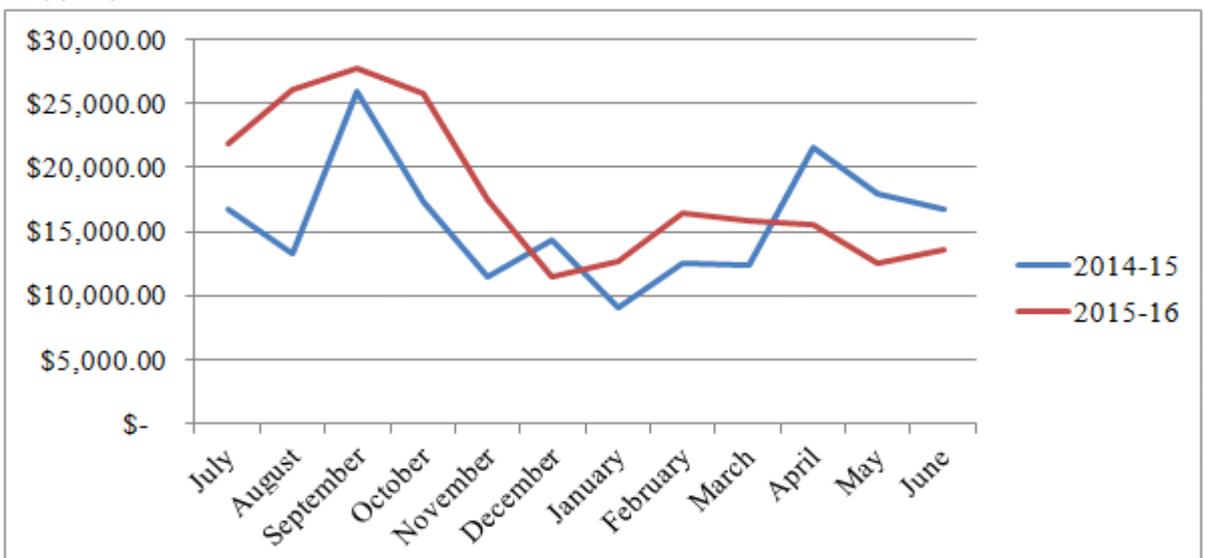
A major upgrade to the ablution blocks was successfully completed on time and on budget. Additionally the development of new parking bays for long haul vehicles has added a further attraction for visitors wishing to stay a night or two in our Shire. These achievements continue to improve the area’s visitor and tourism appeal.

Occupancy



Increase from 2014/15 to 2015/16	391	8.68%
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Income



Increase from 2014/15 to 2015/16	\$ 27,769.01	14.70%
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COMPLIANCE REQUIREMENTS

- ***National Competition Policy***
In accordance with statutory requirements set down in the National Competition Policy legislation, outlined below is a compliance report for the Shire of Yilgarn.
- ***Competitive Neutrality***
The Shire of Yilgarn does not have a business activity which generates a user pays income of \$200,000 or more, therefore no obligation exists for the Municipality to conduct a Public Benefits Test. Nonetheless, the Shire of Yilgarn remains committed to the principals of Competitive Neutrality.
- ***Legislative Review***
The Shire of Yilgarn reviews its Local Laws annually in conjunction with its Policy Manual Review and concluded they do not restrict competition in any way. Nonetheless, the Shire of Yilgarn remains committed to the principals of Legislative reform.
- ***Structural Reform***
The Shire of Yilgarn has no obligation under the principals of structural reform and did not privatise any public monopolies in the current year.
- ***Record Keeping Plan***
In compliance with the State Records Act 2000, as required by Standard 2, Principle 6, Council maintains a Record Keeping Plan which is reviewed annually by the Chief Executive Officer.
- ***Public Interest Disclosure***
In compliance with the Public Interest Disclosure Act 2003, as required by Section 23, part 1, Council has appointed a PID Officer in the agency, being the Deputy Chief Executive Officer, and Council has published internal procedures relating to the agency's obligations.
- ***Information Statement***
In compliance with the Freedom of Information Act 1992 Council has an Information Statement that can be obtained from the Shire's Administration Office.
- ***Register of Complaints***
The Shire received no complaints in relation to minor breaches made by Councillors.

OTHER DOCUMENTS

Members of the public are encouraged to read Council's other publications which are available from the Shire Library / Community Resource Centre.

These include:

- ***Plan for the Future***
All local governments are currently required to produce a plan for the future under S5.56 (1) of the *Local Government Act 1995*. Regulation 19C (inserted in Gazette 26 Aug 2011 p.3483-4), 19DA (inserted in Gazette 26 Aug 2011 p.3484- 5)19DB (inserted in Gazette 26 Aug 2011 p.3485-6) where amended in the Local Government (Administration) Regulations 1996 to enact the changes.
- ***Community Strategic Plan 2013-2023***
In April 2016 the four yearly review (Regulation 19C (4)) with electors and ratepayers was conducted. A final version of the 2016-2026 Strategic Community Plan is proposed for Council adoption in July 2016.
- ***Corporate Business Plan 2015/16 to 2019/2020***
This plan is due for review in 2016/17. It details the services, operations and projects a local government will deliver within a defined period. It also includes the processes for delivery and associated costs.
- ***Forward Capital Works Plan 2015/2016 to 2019/2020***
The Shire of Yilgarn Forward Capital Works Plan was reviewed in 2015/16 and it's content assisted with the formulation of the 2016/17 Budget process.
- ***Adopted 2016/2017 Budget***
Council's Budget is a working document used by Council's staff on a daily basis, detailing Council income and expenditure for the twelve months to 30 June 2017. Naturally, copies of the 2016/2017 adopted budget, which reflected income and expenditure associated with this Annual Report is also available.

IN CONCLUSION

I wish to thank my staff for their valuable contribution during the year and I look forward to working with Council and for the Community in 2016-17.

Mr John Bingham
Deputy Chief Executive Officer





Executive Manager Infrastructure Report

**Parks and Gardens, Road Maintenance and
Construction Works**

Roads 2030 Regional Road Development Strategic Program

(Funding Source – Municipal 1/3 - Main Roads 2/3)

Bodallin North Road	6 km's 10mm bitumen reseal	(\$145,018)
Moorine South Road	4.5 km's 14mm bitumen reseal	(\$154,555)
Parker Range Road	4.5 km's 10mm bitumen reseal	(\$117,950)
Koolyanobbing Road	3 km's constructed to a 7 metre prime seal	(\$98,322)
Koolyanobbing Road	3.5 km's 10mm bitumen reseal	(\$516,672)

Roads to Recovery Program *(Funding Source – Federal 100%)*

Bitumen Reseals

Frog Rock Marvelloch Road	10.5 km's 10mm bitumen reseal	(\$295,810)
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Gravel Sheeting

Dulyalbin Road	2.5 km's x 9m x 150mm gravel overlay	(\$148,177)
Unkovich Road	2 km's x 9m x 150mm gravel overlay	(\$88,776)
Cramphorne Road	3 km's constructed to a 7 metre prime seal 20 meters 375mm barrel culverts installed	(\$451,013)
Southern Cross South Road	3 km's construct to a 7 metre prime seal 18 meters 600mm box culvert installed, 12 meters 375mm barrel culvert installed	(\$375,733)

Heavy Vehicle Road Improvements

Koolyanobbing Road	1.5 km's gravel shoulder re-furbishing (HVRI)	(\$94,051)
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Council Programs *(Municipal Funding 100%)*

Bitumen Reseals

Gruis Street	250 meters bitumen reseal	(\$7,042)
Scorpio Street	250 metres bitumen reseal	(\$6,351)
Spica Street	1.4 kilometers bitumen reseal	(\$43,045)
Phoenix Street	650 meters bitumen reseal	(\$19,760)
Centaur Street	900 meters bitumen reseal	(\$14,305)
Cheney Street	300 meters bitumen reseal	(\$7,856)
King Street	600 meters bitumen reseal	(\$14,998)
Overington Street	400 meters bitumen reseal	(\$8,130)
Lenneberg Street	150 meters bitumen reseal	(\$4,988)
Burbidge Street	250 meters bitumen reseal	(\$8,148)
Williamson Street	400 metres bitumen reseal	(\$10,811)
Ronchi Street	300 meters bitumen reseal	(\$6,806)
Argent Street	260 meters bitumen reseal	(\$9,579)
Horan Street	350 meters bitumen reseal	(\$9,118)

Gravel Sheeting

Southern Cross South Road	3 km's x 9m x 150mm gravel overlay	(\$127,171)
Dulyalbin Road	2 km's x 9m x 150mm gravel overlay	(\$106,493)
Emu Fence Road	3 km's x 9m x 150mm gravel overlay	(\$105,653)
Grace Road	2 km's x 9m x 150mm gravel overlay	(\$78,187)

Once again in the 2015/2016 Financial Year Councils maintenance and construction staff have had a very productive year with a total of 9 kilometers of road constructed to a 7 meter prime seal stage, 35.4 kilometers of bitumen reseal works carried out and 21 kilometers of gravel sheeting completed. Over all council's construction, maintenance grading and bitumen repair work force have maintained a good standard of roadwork's and road maintenance through-out the 2015/2016 Financial Year.

Parks and Gardens

The maintenance works carried out by council's gardening staff on council's parks and reserves within the Shire of Yilgarn (*Bodallin, Moorine Rock, Bullfinch, Marvel Loch and Southern Cross*) has been to a good standard with some good verbal comments received by council from the public, sporting sector and tourism sector.

In 2015/2016 Financial Year council assisted various community groups (*in-kind*) with the following:

Yilgarn Agriculture Society

Setup of tents and portable stage, traffic management for street parade supplying additional bins and sports ground cleanup	(\$8,624)
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Car and Collectors Show

Marking out oval, Supplying additional bins, installing/dismantling portable fencing for external alcohol consumption area	(\$2,450)
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Australia Day

Setting up Rotary Park and Swimming Pool	(\$2,086)
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King of Cross

Weed Slashing/Cleanup of Camping Area Maintenance on Access Road	(\$1,854)
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Night Under the Stars

Setting up Rotary Park with boundary fencing and portable staging, cleanup	(\$1,474)
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Private Works

Private works carried out in the 2015/16 Financial included clean up at traffic accident sites and traffic management on Great Eastern Highway.

Annual Report 2015-2016

Plant Replacement

As part of councils ongoing plant replacement program, the following light vehicles and road plant equipment was purchased:

- 2 x Personnel Carriers
- 1 x Light Tip Truck
- 3 x Utility
- 1 x Multi Tyre Roller
- 2 x Executive Vehicles
- 1 x Doctor Vehicle

Robert Bosenberg
Executive Manager Infrastructure





Manager Regulatory Services Report

WASTE & SEWAGE

General kerbside rubbish totalled 400.13 tonnes for the period which is an increase of 9% from the previous year, along with 77.02 tonnes of kerbside recycling collected which is similar to last year’s collection amounts.

The bulk recycling bins at the sports oval, waste transfer station and various businesses within Southern Cross collected approximately 35 tonnes of co-mingle recycling and 19.5 tonnes of cardboard.

In April 2016 the Shire held its third E-waste collection, the collected materials are currently being stored until a feasible amount is available for transporting. This will add to the already 2,049Kgs of materials collected in March 2015 being diverted from landfill. Thanks to the Shire’s Asset Manager for running the collection.

Residents can recycle old batteries, mobile telephones and chargers at either the Shire Office or the Community Resource Centre, and empty toner cartridges can be recycled at the Community Resource Centre.

Drum-muster was held in October and March of this financial year, with 819 containers totalling 0.67 tonnes collected ready for recycling.

Through changes in legislation the Shire no longer needs to have a Customer Service Charter stating its obligations in regards to maintaining both sewer schemes, however, the Shire still aims to comply with the Charter. Copies of the Customer Service Charter can be obtained from the Shire Office or you can view and download a copy for the Shire’s website www.yilgarn.wa.gov.au.

In January 2016 the Department of Environment Regulations licenced the new sullage trench which is located at the new Southern Cross Landfill Site. This trench is designed to take septic tank and grease trap waste. Only licenced Controlled Waste Operators will be allowed access to the sullage trench.

HEALTH, PLANNING & BUILDING

In the period we had:

• 18 Planning Applications
• 20 Building Applications
• 3 Demolition Applications
• 1 Septic Tank Application
• 2 Liquor Licences

Annual Report 2015-2016

The Shire of Yilgarn Town Planning Scheme No 2 had its second amendment approved by the Minister for Planning. The amendment of the scheme saw the old bowling club precinct rezoned to residential and re-coded from R10 to R30 to allow for the Independent Living Units.

The Shire joined “I’M ALERT”, which is a free online food safety training program available to food handlers and residents of the Shire. The program runs users through all aspects of food safety and provides an option to proprietors found to have sub-standard food handling practices during inspections.

MOSQUITO CONTROL

During the warmer months of October to April each year, the Shire conducted a fogging program to reduce the number of mosquitoes around the towns in the Shire. Southern Cross having the largest population is treated weekly, while Marvel Loch is treated fortnightly, and Bullfinch, Bodallin, Moorine Rock, and Mt Hampton are treated as required.

DISABILITY SERVICE PLAN

The Shire of Yilgarn is committed to ensuring that the community is accessible and inclusive for people with disabilities, their families, and carers. The Shires Disability Access and Inclusion Plan addresses our commitments and can be found on the Shires website.

In March 2015 the Shire applied for “Creating Age Friendly Communities in Small Towns Project” grant funding through the Wheatbelt Development Commission and was successful. This has allowed the Shire to carry out various works in the 2015/2016 period, to improve access for people within the commercial area of Southern Cross which included:

<ul style="list-style-type: none"> • Replacing damaged or un-even sections of footpaths in the commercial area and near public buildings;
<ul style="list-style-type: none"> • Improving access ramps at road crossings and from parking bays to footpaths;
<ul style="list-style-type: none"> • Installing handrails to access the ramp/footpath to local Medical Centre;
<ul style="list-style-type: none"> • Line marking/painting of 5 Seniors Parking Bays on Antares Street;
<ul style="list-style-type: none"> • Installing two seats at the gated entrance of the Southern Cross Cemetery; and
<ul style="list-style-type: none"> • Supply and install sliding doors for the front entrance of the Shire’s Administration Building.

If anyone has any comments or suggestion to improve the Shire’s DAIP I invite them to forward their suggestions to the Shire Office.

RANGER SERVICES

The Shire’s Ranger has been busy, of note is the feral cat trapping occurring around the Southern Cross town-site where dozens of feral cats have now been removed. If you have an issue with feral cats please contact the Shire.

To assist the Shire's local Ranger, WA Contract Ranger Services were contracted for fortnightly visits, which began at the start of May. The main role of the locum Ranger is to undertake patrols, door-to-door registration checks, complaint handling and they also offer re-homing of surrendered dogs. To date two surrendered dogs have been taken for re-homing. Since May 2016, 46 new dog registrations have been recorded.

LOCAL EMERGENCY MANAGEMENT COMMITTEE (LEMC)

Quarterly meetings of the LEMC were held; the February meeting involved a desktop exercise to assess the effectiveness of the Shire of Yilgarn's "Local Emergency Management Arrangements" (LEMA). The "LEMA" is an action document that guides relevant personnel through an emergency situation within the Shire. The desktop exercise gave valuable information which will be used in the current review of the LEMA which is due by December 2016. Anyone who wants to learn more about the LEMA are invited to view the document on the Shires website, and comments or feedback are always welcomed.

Nic Warren
Manager Regulatory Services





Manager Community Services Report

Community functions & events

The Shire of Yilgarn provided the following functions and events to its residents:

- The Lost WWI Diary - 05/09/2015 - Community Centre
Great show by Damian Callinan, which was attended by 50 people.
- Seniors Christmas Luncheon - 06/12/2015 - Community Centre
This annual event was very popular and around 110 seniors enjoyed a Christmas luncheon.
- Junk Art Competition - 12/12/2015 - Rotary Park

The winners were:

▪ 1st Prize, for “Wheatbelt Bush Art” - Daphene Federici
▪ 2nd Prize, for “Wheel of Fortune” - Leigh Dal Busco
▪ 3rd Prize, for “Discovery” - Ken and Kerry Fairless
▪ People’s Choice “Wheatbelt Bush Art” - Daphene Federici
▪ Special Commendation “Shire of Yilgarn Logo” - Stephen Guerini

- Australia Day - 25/01/2016 - Rotary Park and swimming pool
 - As every year a popular function with good attendance.
- Night under the Southern Cross – 12/03/2016 – Rotary Park
In partnership with Cliffs Asia Pacific Iron Ore. Approximately 120 people attended throughout the night and \$7,087 were raised for the Royal Flying Doctor Service.
- ANZAC Day - 25/04/2016 - Memorial Hill- Seniors Citizen Centre
6.00am dawn service & 11.00am service followed by light lunch and refreshments.
The Dawn Service was very well attended, the 11.00am service saw slightly lower numbers.
- Trash Test Dummies - 19/05/2016 - Attended by 41 adults and 50 children.
Fair attendance, but almost none of children between 8 - 14 years.
- Hypnolicious by Matt Hale - 28/05/2016 - Very low attendance of 41 people. The crèche had 12 children to look after. Well planned and executed event but low attendance increases per head expenditure.

Community Assistance

Community crop

Council received and accepted the expression of interest lodged by the Southern Cross Football Club to crop lots 36, 44 and 88 (Airport) for a three year period commencing 1 July 2016 with the lots being left fallow for the 2015/ 2016 year.

Community Funding Program

The Shire of Yilgarn Community Funding Program was developed to provide a source of funding for non-profit organisations operating within the district and to assist community organisations in maximising their future development.

Council approved the following grants from the Community Funding Program 2015/16:

<ul style="list-style-type: none"> • Moorine Rock Tennis Club \$2,000 - contribution towards the purchase and installation of split air conditioner for the club house
<ul style="list-style-type: none"> • Yilgarn Agricultural Society \$1,400 - to purchase four pop-up marquees
<ul style="list-style-type: none"> • Yilgarn Men's Shed \$1,545 - to purchase a metal cutting band saw
<ul style="list-style-type: none"> • Yilgarn History Museum \$1,785 - to purchase display boards and signs
<ul style="list-style-type: none"> • Yilgarn Occasional Child Care Centre \$1,254 - to purchase a laptop and vacuum cleaner
<ul style="list-style-type: none"> • Southern Cross Football Club \$1,250 - to purchase two laptops

Mens Shed

Council agreed to provide the Yilgarn Men's Shed Incorporated with the use of the Old Depot site situated on Archenar Street, at zero rental, for a 15 year period from 1 January 2016 to 31 December 2031.

Shire Contributions – Donations, in-kind and waiver of fees and charges

The Shire of Yilgarn supports local clubs and groups in their fundraising efforts by allowing them to use shire facilities free of charge.

The shire also supports certain service providers to use facilities free of charge as they bring an important service to the town, which the community benefits from.

Annual Report 2015-2016

The following cash donations, in-kind and free of charge contribution were made in 2015/16:

• Big Morning Tea - use of foyer and kitchen of Community Centre
• Children's gymnastics-use of indoor courts in Recreation Centre
• Chiropractioner - fortnightly use of consultation room in Senior Citizen Centre
• Golf Club - \$100 for Ladies Golf Trophy
• Physiotherapist- fortnightly use of consultation room in Senior Citizen Centre
• SCDHS P&C - use of Complex Lounge for student disco
• Southern Cross Motorcycle Club - \$5000 donation towards King of the Cross 2015
• Southern Cross Motorcycle Club - use of Shire owned land for King of the Cross and other events
• Various clubs and groups received free Crosswords advertising
• Veterinarian - monthly use of Complex lounge for consultation
• Yilgarn Agricultural Society – \$100 for show trophy
• Yilgarn Agricultural Society – use of Recreation Centre, road closure for parade of 2015 Ag show
• Yilgarn Motor Enthusiast - \$3500 donation towards Car & Bike Show 2015
• Yilgarn Motor Enthusiast - use of Recreation Centre for Car & Bike Show 2015
• Young Yilgarn Entertainers - use of Community Centre for rehearsals and performance

Skate Park

Council advised the Department of Sport and Recreation in July 2015 that it is not in a position to proceed with the construction of a Skate Park and therefore must reject the offer of the one hundred thousand dollar grant for the project.



General

- New public business hours, now open from 8.30am -12.00pm & 1.00 - 4.30pm, previously 9.00am - 12.00pm & 1.00 - 4.00pm.
- Crosswords available for free via email.
- Jenna Carlson successfully completed her traineeship on Friday 10 June 2016.
- Donation of excess consumables, toys and obsolete furniture from the CRC to Day Care Centre, Playgroup, Men's Shed, Museum and Senior Citizen Centre (e.g. felt pens, glue, stuffed animals, spare tables and chairs, etc.).
- KidSport program managed through the CRC – The Shire of Yilgarn received funding from the Department of Sports and Recreation to administer the program. KidSport

Annual Report 2015-2016

enables eligible Western Australian children aged 5-18 years to participate in community sport and recreation by offering them financial assistance towards club fees. The fees are paid directly from the local government to the registered KidSport clubs participating in the project.

- CRC refurbished with funding from the Department of Regional Development and Royalties for Regions. New flooring has been installed, the interior has been painted and new furniture & equipment was purchased to give the CRC a new and modern look.

Functions and Events

The CRC offered various functions and events to the community in 2015/16.

The most popular and ongoing are arts & craft, carpet bowls, knitting, singing, seniors exercises and walking group.

The CRC also presented various other events, here are a few examples:

- Market Day 04/07/2015 - Antares St- 21 stall holder booked - low customer numbers
- Reflexology workshop - Library. Feedback to this activity was very positive
- H & R Block - 7&8/08/2015 - well received service provided to the community
- Author Visit - 01/09/2015 - Author Linda Bettany visited the library - good attendance
- Senior's Games - 05/04/2016 – Sports complex - a successful day with 105 participants
- Mother's Day Markets - 07/05/2016 - 11 stallholders attended
- "Build your balance" info session - 02/06/2016 - Seniors Centre
- Ladies function 28 & 29 June 2016, early evening and morning session - with Health message from Cancer Council WA and Breast Cancer WA – total of 31 attendance

Yours sincerely

Jenny Gemund



Remuneration

Regulation 19B of the Local Government (Administration) Regulations states the Annual Report in to include the number of Employees with an annual salary of \$100,000 or more going up in \$10,000 increments.

Salary Range	Number of Employees
\$100,001 to \$110,000	2
\$120,001 to \$130,000	2
\$170,001 to \$180,000	1

Register of Complaints and Minor Breach

In accordance with section 5.53(2) and 5.121 of the Local Government Act 1995, the Annual Report is required to disclose the number of Complains of Minor Breach received each year.

For the year 2015-2016 the Shire of Yilgarn received one Complaint of Minor Breach



2015~2016
Annual
Financial Report
&
Independent
Auditors
Report

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 54
Independent Auditor's Report	55 to 56
Supplementary Ratio Information	57

Principal place of business:
23 Antares Street
Southern Cross
WA 6426

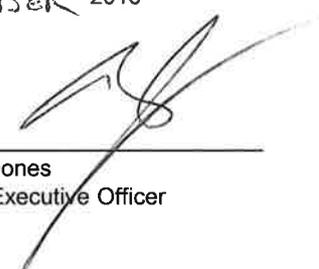
**SHIRE OF YILGARN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

**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 23 day of November 2016



Brian Jones
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	22	3,827,876	3,887,193	4,378,978
Operating grants, subsidies and contributions	29	1,947,410	1,558,292	3,398,584
Fees and charges	28	924,459	979,392	1,038,612
Interest earnings	2(a)	212,230	220,000	252,195
Other revenue	2(a)	393,987	324,040	387,475
		<u>7,305,962</u>	<u>6,968,917</u>	<u>9,455,844</u>
Expenses				
Employee costs		(2,695,636)	(3,206,606)	(2,837,356)
Materials and contracts		(1,869,592)	(1,812,401)	(2,140,010)
Utility charges		(212,041)	(311,983)	(301,171)
Depreciation on non-current assets	2(a)	(5,376,960)	(15,519,464)	(5,263,141)
Insurance expenses		(237,889)	(195,480)	(293,170)
Other expenditure		(121,080)	(209,508)	(291,082)
		<u>(10,513,198)</u>	<u>(21,255,442)</u>	<u>(11,125,930)</u>
		(3,207,236)	(14,286,525)	(1,670,086)
Non-operating grants, subsidies and contributions	29	2,285,230	3,092,079	1,640,856
Profit on asset disposals	20	35,114	29,559	7,972
(Loss) on asset disposals	20	(47,793)	(82,377)	(59,915)
Fair value adjustments to financial assets at				
Net result		<u>(934,685)</u>	<u>(11,247,264)</u>	<u>(81,173)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	1,574,911	0	181,682
Total other comprehensive income		<u>1,574,911</u>	<u>0</u>	<u>181,682</u>
Total comprehensive income		<u><u>640,226</u></u>	<u><u>(11,247,264)</u></u>	<u><u>100,509</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
General purpose funding		4,988,750	5,123,679	7,525,222
Law, order, public safety		95,281	129,437	74,040
Health		1,066	25,500	31,731
Education and welfare		635,322	229,439	269,249
Housing		43,117	49,660	42,412
Community amenities		464,173	482,043	467,616
Recreation and culture		50,925	23,700	65,227
Transport		294,383	308,250	268,864
Economic services		492,065	457,209	445,874
Other property and services		240,880	140,000	265,609
		<u>7,305,962</u>	<u>6,968,917</u>	<u>9,455,844</u>
Expenses	2(a)			
Governance		(372,023)	(462,014)	(338,939)
General purpose funding		(346,006)	(423,146)	(501,579)
Law, order, public safety		(284,583)	(483,508)	(365,338)
Health		(234,124)	(256,560)	(237,407)
Education and welfare		(441,062)	(539,351)	(471,748)
Housing		(190,164)	(211,905)	(201,947)
Community amenities		(2,699,417)	(2,540,366)	(2,576,140)
Recreation and culture		(1,532,251)	(1,834,948)	(1,454,270)
Transport		(3,421,688)	(13,366,615)	(3,649,881)
Economic services		(931,976)	(1,042,993)	(995,499)
Other property and services		(59,904)	(94,036)	(333,182)
		<u>(10,513,198)</u>	<u>(21,255,442)</u>	<u>(11,125,930)</u>
Non-operating grants, subsidies and contributions	29	2,285,230	3,092,079	1,640,856
Profit on disposal of assets	20	35,114	29,559	7,972
(Loss) on disposal of assets	20	(47,793)	(82,377)	(59,915)
Fair value adjustments to financial assets at				
Net result		<u>(934,685)</u>	<u>(11,247,264)</u>	<u>(81,173)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	1,574,911	0	181,682
Total other comprehensive income		<u>1,574,911</u>	<u>0</u>	<u>181,682</u>
Total comprehensive income		<u><u>640,226</u></u>	<u><u>(11,247,264)</u></u>	<u><u>100,509</u></u>

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

**SHIRE OF YILGARN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,567,375	6,772,972
Trade and other receivables	4	565,036	569,546
Inventories	5	44,849	47,923
TOTAL CURRENT ASSETS		<u>5,177,260</u>	<u>7,390,441</u>
NON-CURRENT ASSETS			
Other receivables	4	49,127	57,235
Property, plant and equipment	6	28,387,522	25,116,363
Infrastructure	7	320,571,109	320,714,257
TOTAL NON-CURRENT ASSETS		<u>349,007,758</u>	<u>345,887,855</u>
TOTAL ASSETS		<u>354,185,018</u>	<u>353,278,296</u>
CURRENT LIABILITIES			
Trade and other payables	8	545,897	245,611
Provisions	10	400,608	453,003
TOTAL CURRENT LIABILITIES		<u>946,505</u>	<u>698,614</u>
NON-CURRENT LIABILITIES			
Provisions	10	38,244	19,639
TOTAL NON-CURRENT LIABILITIES		<u>38,244</u>	<u>19,639</u>
TOTAL LIABILITIES		<u>984,749</u>	<u>718,253</u>
NET ASSETS		<u>353,200,269</u>	<u>352,560,043</u>
EQUITY			
Retained surplus		62,518,701	62,115,743
Reserves - cash backed	11	4,135,272	5,472,915
Revaluation surplus	12	286,546,296	284,971,385
TOTAL EQUITY		<u>353,200,269</u>	<u>352,560,043</u>

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

**SHIRE OF YILGARN
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		63,226,793	4,443,038	284,789,703	352,459,534
Comprehensive income					
Net result		(81,173)	0	0	(81,173)
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>181,682</u>	<u>181,682</u>
Total comprehensive income		(81,173)	0	181,682	100,509
Transfers from/(to) reserves		(1,029,877)	1,029,877	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		62,115,743	5,472,915	284,971,385	352,560,043
Comprehensive income					
Net result		(934,685)	0	0	(934,685)
Changes on revaluation of assets	12	<u>0</u>	<u>0</u>	<u>1,574,911</u>	<u>1,574,911</u>
Total comprehensive income		(934,685)	0	1,574,911	640,226
Transfers from/(to) reserves		1,337,643	(1,337,643)	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2016		<u>62,518,701</u>	<u>4,135,272</u>	<u>286,546,296</u>	<u>353,200,269</u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,735,924	3,944,396	4,409,585
Operating grants, subsidies and contributions		2,011,691	1,071,517	3,559,223
Fees and charges		924,459	981,667	1,038,612
Interest earnings		212,230	220,000	252,195
Goods and services tax		845,414	621,500	533,942
Other revenue		393,987	324,040	387,475
		<u>8,123,705</u>	<u>7,163,120</u>	<u>10,181,032</u>
Payments				
Employee costs		(2,763,403)	(3,171,566)	(2,949,099)
Materials and contracts		(1,532,255)	(1,094,126)	(2,034,662)
Utility charges		(212,041)	(311,983)	(301,171)
Insurance expenses		(237,889)	(195,480)	(293,170)
Goods and services tax		(811,125)	(585,000)	(615,974)
Other expenditure		(121,080)	(209,508)	(291,082)
		<u>(5,677,793)</u>	<u>(5,567,663)</u>	<u>(6,485,158)</u>
Net cash provided by (used in) operating activities	13(b)	2,445,912	1,595,457	3,695,874
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(3,544,886)	(4,557,957)	(1,176,417)
Payments for construction of infrastructure		(3,656,480)	(3,733,125)	(2,512,742)
Non-operating grants, subsidies and contributions		2,285,230	3,092,079	1,640,856
Proceeds from sale of fixed assets		258,627	296,500	242,468
Net cash provided by (used in) investment activities		<u>(4,657,509)</u>	<u>(4,902,503)</u>	<u>(1,805,835)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from self supporting loans		6,000	6,000	6,000
Net cash provided by (used in) financing activities		<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Net increase (decrease) in cash held		(2,205,597)	(3,301,046)	1,896,039
Cash at beginning of year		6,772,972	6,847,043	4,876,933
Cash and cash equivalents at the end of the year	13(a)	<u><u>4,567,375</u></u>	<u><u>3,545,997</u></u>	<u><u>6,772,972</u></u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at July 1 b/fwd - surplus/(deficit)		1,416,228	1,664,146	665,993
		<u>1,416,228</u>	<u>1,664,146</u>	<u>665,993</u>
Revenue from operating activities (excluding rates)				
General purpose funding		1,190,225	1,265,836	3,146,244
Law, order, public safety		95,281	129,437	74,040
Health		1,066	25,500	31,731
Education and welfare		635,322	229,439	269,249
Housing		43,117	49,660	42,412
Community amenities		464,173	482,043	467,616
Recreation and culture		50,925	23,700	65,227
Transport		307,223	311,814	276,836
Economic services		492,065	457,209	445,874
Other property and services		263,154	165,995	265,609
		<u>3,542,551</u>	<u>3,140,633</u>	<u>5,084,838</u>
Expenditure from operating activities				
Governance		(372,023)	(462,014)	(338,939)
General purpose funding		(346,006)	(423,146)	(501,579)
Law, order, public safety		(284,583)	(483,508)	(365,338)
Health		(234,124)	(256,560)	(237,407)
Education and welfare		(441,062)	(539,351)	(471,748)
Housing		(190,164)	(211,905)	(201,947)
Community amenities		(2,699,417)	(2,540,366)	(2,576,140)
Recreation and culture		(1,532,251)	(1,834,948)	(1,454,270)
Transport		(3,469,481)	(13,441,236)	(3,709,796)
Economic services		(931,976)	(1,042,993)	(995,499)
Other property and services		(59,904)	(101,792)	(333,182)
		<u>(10,560,991)</u>	<u>(21,337,819)</u>	<u>(11,185,845)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(35,114)	(29,559)	(7,972)
Loss on disposal of assets	20	47,793	82,377	59,915
Movement in deferred pensioner rates (non-current)		2,108	0	(5,132)
Movement in employee benefit provisions (non-current)		34,396	0	(7,976)
Depreciation and amortisation on assets	2(a)	5,376,960	15,519,464	5,263,141
Amount attributable to operating activities		<u>(176,069)</u>	<u>(960,758)</u>	<u>(133,038)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,285,230	3,092,079	1,640,856
Proceeds from disposal of assets	20	258,627	296,500	242,468
Purchase of property, plant and equipment	6(b)	(3,544,886)	(4,557,957)	(1,176,417)
Purchase and construction of infrastructure	7(b)	(3,656,480)	(3,733,125)	(2,512,742)
Amount attributable to investing activities		<u>(4,657,509)</u>	<u>(4,902,503)</u>	<u>(1,805,835)</u>
FINANCING ACTIVITIES				
Proceeds from self supporting loans		6,000	6,000	6,000
Transfers to reserves (restricted assets)	11	(1,383,776)	(1,049,403)	(1,961,730)
Transfers from reserves (restricted assets)	11	2,721,419	3,048,821	931,853
Amount attributable to financing activities		<u>1,343,643</u>	<u>2,005,418</u>	<u>(1,023,877)</u>
Surplus(deficiency) before general rates		<u>(3,489,935)</u>	<u>(3,857,843)</u>	<u>(2,962,750)</u>
Total amount raised from general rates	22	<u>3,798,525</u>	<u>3,857,843</u>	<u>4,378,978</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u><u>308,590</u></u>	<u><u>0</u></u>	<u><u>1,416,228</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

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 YILGARN
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 YILGARN
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 YILGARN
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	5 to 50 years
Furniture and equipment	5 to 20 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	30 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
construction/road base	50 years
gravel sheet	15 years
Formed roads (unsealed)	
formation	not depreciated
construction/road base	50 years
Footpaths - slab	12 years
Sewerage piping	50 years
Water supply piping and drainage systems	50 years
Airfields and Runways	30 years
Refuse Disposal sites	not depreciated

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

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

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

Capitalisation threshold

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

SHIRE OF YILGARN
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 YILGARN
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

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

SHIRE OF YILGARN
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	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. 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.
(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	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. 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.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

**SHIRE OF YILGARN
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 YILGARN
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	26,300	28,805
- Assistance with the finalisation of the Annual Financial Report	0	900
- Other Services	5,840	2,900
Depreciation		
Non-specialised buildings	121,624	270,844
Specialised buildings	767,091	518,980
Furniture and equipment	2,638	2,648
Plant and equipment	685,979	628,366
Roads	1,790,837	1,854,458
Footpaths	51,625	51,233
Drainage	1,714,017	1,694,959
Refuse Site	17,221	17,417
Sewerage	119,596	119,426
Townscape	3,542	3,626
Parks & Ovals	16,928	16,219
Aerodromes	15,090	14,906
Other	70,772	70,059
	<u>5,376,960</u>	<u>5,263,141</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	227,628	194,877
Other	166,359	192,598
	<u>393,987</u>	<u>387,475</u>
	<u><u>5,376,960</u></u>	<u><u>5,263,141</u></u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	111,544	120,000
- Other funds	40,314	40,000
Other interest revenue (refer note 27)	60,372	60,000
	<u>212,230</u>	<u>220,000</u>
	<u><u>212,230</u></u>	<u><u>220,000</u></u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

SHIRE OF YILGARN
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		Opening			Closing			Closing
Grant/Contribution	Function/ Activity	Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Balance
		1/07/14	2014/15	2014/15	30/06/15	2015/16	2015/16	30/06/16
		\$	\$	\$	\$	\$	\$	\$
DLG - Asset Mgmt	Governance	14,306	0	(14,306)	0	0	0	0
DLG - Strategic Planning	Governance	27,740	0	(15,000)	12,740	0	0	12,740
HVRIC	Transport	63,322	39,306	(28,171)	74,457	45,657	(47,591)	72,523
Aged Friendly Communities	Educ. & Welfare	0	46,405	0	46,405	0	(46,405)	0
Caravan Park Upgrade	Economic Serv.	0	392,361	0	392,361	0	(392,361)	0
Community Pool Revitalisation	Rec. & Culture	0	30,000	(30,000)	0	0	0	0
Museum Upgrade	Rec. & Culture	0	12,044	(12,044)	0	0	0	0
Police Department	Comm. Safety	25,000	0	(25,000)	0	0	0	0
Dept. of Sport & Rec.		0	0	0	0	7,000	0	7,000
Total		130,368	520,116	(124,521)	525,963	52,657	(486,357)	92,263

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.

As at June 2016 \$72,523 is included in HVRIC Reserve and \$19,740 is included in Unspent Grants Reserve.

SHIRE OF YILGARN
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		432,103	1,300,056
Restricted		<u>4,135,272</u>	<u>5,472,915</u>
		<u><u>4,567,375</u></u>	<u><u>6,772,971</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave reserve	11	219,107	203,317
Airport Reserve	11	127,207	124,044
Building Reserve	11	550,542	1,290,609
Community Bus Reserve	11	116,325	113,433
Health Services Reserve	11	198,752	193,810
Home for the Aged Reserve	11	363,434	354,398
HVRIC Reserve	11	72,523	120,918
ICT & Furniture Equipment Reserve	11	73,036	71,220
Land Development Reserve	11	58,721	57,261
Mt Hampton/Dulyalbin Water Supply Reserve	11	29,028	28,306
Museum Reserve	11	15,813	15,419
Plant Replacement Reserve	11	410,461	410,617
Recreation Facility Reserve	11	669,159	652,569
Refuse Disposal Reserve	11	423,708	413,173
Sewerage Reserve	11	502,758	490,257
Tourism Reserve	11	184,241	408,246
Youth Development Reserve	11	100,717	73,812
Unspent Grant Reserve	2(c)	19,740	451,506
		<u><u>4,135,272</u></u>	<u><u>5,472,915</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		437,441	343,381
Sundry debtors		40,844	196,852
GST receivable		100,597	134,886
Loans receivable - clubs/institutions		6,000	6,000
Accrued Income		0	1,500
less Provision for Doubtful Debts		<u>(19,846)</u>	<u>(113,073)</u>
		<u><u>565,036</u></u>	<u><u>569,546</u></u>
Non-current			
Rates outstanding - pensioners		29,627	31,735
Loans receivable - clubs/institutions		<u>19,500</u>	<u>25,500</u>
		<u><u>49,127</u></u>	<u><u>57,235</u></u>
5. INVENTORIES			
Current			
Fuel and materials		44,849	47,923
		<u><u>44,849</u></u>	<u><u>47,923</u></u>

SHIRE OF YILGARN
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		
Freehold land at:		
- Independent valuation 2015 - level 3	115,000	115,000
- Independent valuation 2015 - level 2	1,369,000	1,369,000
- Management valuation 2015 - level 3	35,031	35,031
	<u>1,519,031</u>	<u>1,519,031</u>
Land vested in and under the control of Council at:		
- Management Valuation 2015 - level 3	1,053,475	1,053,475
	<u>1,053,475</u>	<u>1,053,475</u>
	<u>2,572,506</u>	<u>2,572,506</u>
Non-specialised buildings at:		
- Independent valuation 2015 - level 2	2,510,000	2,510,000
- Additions after valuation - cost	1,863,210	0
Less: accumulated depreciation	(121,624)	0
	<u>4,251,586</u>	<u>2,510,000</u>
Specialised buildings at:		
- Independent valuation 2015 - level 3	14,931,000	14,931,000
- Management valuation 2015 - level 3	185,285	185,285
- Additions after valuation - cost	955,975	0
Less: accumulated depreciation	(767,091)	0
	<u>15,305,169</u>	<u>15,116,285</u>
	<u>19,556,755</u>	<u>17,626,285</u>
Total land and buildings	<u>22,129,261</u>	<u>20,198,791</u>
Furniture and equipment at:		
- Management valuation 2016 - level 2	40,987	0
- Management valuation 2013 - level 3	0	39,253
- Additions after valuation - cost	0	10,538
Less accumulated depreciation	0	(4,770)
	<u>40,987</u>	<u>45,021</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	6,217,274	0
- Management valuation 2013 - level 2	0	4,303,241
- Additions after valuation - cost	0	1,663,510
Less accumulated depreciation	0	(1,094,200)
	<u>6,217,274</u>	<u>4,872,551</u>
	<u>28,387,522</u>	<u>25,116,363</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 YILGARN
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 \$
Freehold land	1,519,031	0	0	0	0	0	0	0	1,519,031
Land vested in and under the control of Council	1,053,475	0	0	0	0	0	0	0	1,053,475
Total land	2,572,506	0	0	0	0	0	0	0	2,572,506
Non-specialised buildings	2,510,000	1,863,210	0	0	0	0	(121,624)	0	4,251,586
Specialised buildings	15,116,285	955,975	0	0	0	0	(767,091)	0	15,305,169
Total buildings	17,626,285	2,819,185	0	0	0	0	(888,715)	0	19,556,755
Total land and buildings	20,198,791	2,819,185	0	0	0	0	(888,715)	0	22,129,261
Furniture and equipment	45,021	15,986	0	(17,382)	0	0	(2,638)	0	40,987
Plant and equipment	4,872,551	709,715	(271,306)	1,592,293	0	0	(685,979)	0	6,217,274
Total property, plant and equipment	25,116,363	3,544,886	(271,306)	1,574,911	0	0	(1,577,332)	0	28,387,522

SHIRE OF YILGARN
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					
Freehold land	Level 2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2015	Price per hectare
Freehold land	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers and Management Valuation	June 2015	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land vested in and under the control of Council	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Management Valuation	June 2015	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Non-specialised buildings	Level 2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2015	Price per square metre
Specialised buildings	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Independent valuers and Management Valuation	June 2015	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
	Level 2	Market approach using recent observable market data for similar assets	Management Valuation	June 2016	Price per item
Plant and equipment					
	Level 2	Market approach using recent observable market data for similar assets	Management Valuation	June 2016	Price per item

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

During the period there was a change 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, as there was new market data available which is more representative of the fair value in those circumstances.

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

	2016 \$	2015 \$
7 (a). INFRASTRUCTURE		
Roads		
- Management valuation 2014 - level 3	230,872,330	230,872,330
- Additions after valuation - cost	5,656,837	2,357,940
Less accumulated depreciation	<u>(3,645,295)</u>	<u>(1,854,458)</u>
	232,883,872	231,375,812
Footpaths		
- Management valuation 2014 - level 3	2,096,168	2,096,168
- Additions after valuation - cost	18,712	0
Less accumulated depreciation	<u>(102,858)</u>	<u>(51,233)</u>
	2,012,022	2,044,935
Drainage		
- Management valuation 2014 - level 3	75,983,762	75,983,762
- Additions after valuation - cost	22,350	22,350
Less accumulated depreciation	<u>(3,408,976)</u>	<u>(1,694,959)</u>
	72,597,136	74,311,153
Refuse Site		
- Management valuation 2014 - level 3	987,627	987,627
- Additions after valuation - cost	50,166	0
Less accumulated depreciation	<u>(34,638)</u>	<u>(17,417)</u>
	1,003,155	970,210
Sewerage		
- Management valuation 2014 - level 3	9,353,975	9,353,975
- Additions after valuation - cost	185,690	87,969
Less accumulated depreciation	<u>(239,022)</u>	<u>(119,426)</u>
	9,300,643	9,322,518
Townscape		
- Management valuation 2014 - level 3	152,967	152,967
- Additions after valuation - cost	39,534	12,412
Less accumulated depreciation	<u>(7,168)</u>	<u>(3,626)</u>
	185,333	161,753
Parks & Ovals		
- Management valuation 2014 - level 3	584,585	584,585
- Additions after valuation - cost	1,906	0
Less accumulated depreciation	<u>(33,147)</u>	<u>(16,219)</u>
	553,344	568,366
Aerodromes		
- Management valuation 2014 - level 3	595,784	595,784
Less accumulated depreciation	<u>(29,996)</u>	<u>(14,906)</u>
	565,788	580,878
Other		
- Management valuation 2014 - level 3	1,416,620	1,416,620
- Additions after valuation - cost	194,027	32,071
Less accumulated depreciation	<u>(140,831)</u>	<u>(70,059)</u>
	1,469,816	1,378,632
	<u>320,571,109</u>	<u>320,714,257</u>

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

7 (a). INFRASTRUCTURE (Continued)

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 YILGARN
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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	231,375,812	3,298,897	0	0	0	0	(1,790,837)	0	232,883,872
Footpaths	2,044,935	18,712	0	0	0	0	(51,625)	0	2,012,022
Drainage	74,311,153	0	0	0	0	0	(1,714,017)	0	72,597,136
Refuse Site	970,210	50,166	0	0	0	0	(17,221)	0	1,003,155
Sewerage	9,322,518	97,721	0	0	0	0	(119,596)	0	9,300,643
Townscape	161,753	27,122	0	0	0	0	(3,542)	0	185,333
Parks & Ovals	568,366	1,906	0	0	0	0	(16,928)	0	553,344
Aerodromes	580,878	0	0	0	0	0	(15,090)	0	565,788
Other	1,378,632	161,956	0	0	0	0	(70,772)	0	1,469,816
Total infrastructure	<u>320,714,257</u>	<u>3,656,480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,799,628)</u>	<u>0</u>	<u>320,571,109</u>

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Drainage	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Refuse Site	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Sewerage	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Townscape	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Parks & Ovals	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Aerodromes	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other	Level 3	Cost Approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF YILGARN
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	449,466	105,643
Accrued salaries and wages	19,652	0
ATO liabilities	76,779	130,408
Accrued Expenses	0	9,560
	<u>545,897</u>	<u>245,611</u>

9. LONG-TERM BORROWINGS

The Shire did not have any long term borrowings at the reporting date.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	223,967	229,036	453,003
Non-current provisions	0	19,639	19,639
	<u>223,967</u>	<u>248,675</u>	<u>472,642</u>
Amounts used	(4,017)	(29,773)	(33,790)
Balance at 30 June 2016	<u>219,950</u>	<u>218,902</u>	<u>438,852</u>
Comprises			
Current	219,950	180,658	400,608
Non-current	0	38,244	38,244
	<u>219,950</u>	<u>218,902</u>	<u>438,852</u>

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

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Long Service Leave reserve	203,317	15,790	0	219,107	203,317	4,979	0	208,296	207,921	5,519	(10,123)	203,317
Airport Reserve	124,044	3,163	0	127,207	124,043	10,787	0	134,830	114,686	9,358	0	124,044
Building Reserve	1,290,609	504,623	(1,244,690)	550,542	1,290,609	313,257	(1,244,690)	359,176	1,318,529	34,998	(62,918)	1,290,609
Community Bus Reserve	113,433	2,892	0	116,325	113,433	2,777	0	116,210	90,043	23,390	0	113,433
Health Services Reserve	193,810	4,942	0	198,752	193,810	4,746	0	198,556	140,092	53,718	0	193,810
Home for the Aged Reserve	354,398	9,036	0	363,434	354,397	8,678	0	363,075	311,081	43,317	0	354,398
HVRIC Reserve	120,918	45,657	(94,052)	72,523	120,918	40,000	(91,650)	69,268	104,139	16,779	0	120,918
ICT & Furniture Equipment Reserve	71,220	1,816	0	73,036	71,221	1,744	0	72,965	64,508	6,712	0	71,220
Land Development Reserve	57,261	1,460	0	58,721	57,261	1,402	0	58,663	55,780	1,481	0	57,261
Mt Hampton/Dulyalbin Water Supply Reserve	28,306	722	0	29,028	28,307	693	0	29,000	24,395	3,911	0	28,306
Museum Reserve	15,419	394	0	15,813	15,419	378	0	15,797	10,189	5,230	0	15,419
Plant Replacement Reserve	410,617	709,558	(709,714)	410,461	410,617	610,055	(593,360)	427,312	400,000	667,817	(657,200)	410,617
Recreation Facility Reserve	652,569	16,590	0	669,159	652,569	15,980	(50,000)	618,549	699,006	18,554	(64,991)	652,569
Refuse Disposal Reserve	413,173	10,535	0	423,708	413,173	10,118	0	423,291	158,954	254,219	0	413,173
Sewerage Reserve	490,257	12,501	0	502,758	490,257	12,005	(300,355)	201,907	557,767	14,805	(82,315)	490,257
Tourism Reserve	408,246	10,192	(234,197)	184,241	408,247	9,997	(330,000)	88,244	56,740	351,506	0	408,246
Unspent Grant Reserve	451,506	7,000	(438,766)	19,740	451,506	0	(438,766)	12,740	67,046	438,766	(54,306)	451,506
Youth Development Reserve	73,812	26,905	0	100,717	73,812	1,807	0	75,619	62,162	11,650	0	73,812
	<u>5,472,915</u>	<u>1,383,776</u>	<u>(2,721,419)</u>	<u>4,135,272</u>	<u>5,472,916</u>	<u>1,049,403</u>	<u>(3,048,821)</u>	<u>3,473,498</u>	<u>4,443,038</u>	<u>1,961,730</u>	<u>(931,853)</u>	<u>5,472,915</u>

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

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

11 RESERVES - CASH BACKED (Continued)

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
Long Service Leave reserve	Ongoing	- to be used to fund Long Service Leave requirements.
Airport Reserve	Ongoing	- to be used for the upkeep and any major upgrade works to the Southern Cross Airport.
Building Reserve	Ongoing	- to be used for major construction and improvements to Council's Buildings.
Community Bus Reserve	Ongoing	- to to used for the proceeds from the hire of the Yilgarn Community Bus.
Computer Hardware & Software Reserve	Ongoing	- to be used for the future management of Council's computer systems.
Health Services Reserve	Ongoing	- to be used to maintain the Health Service GP practice and associated assets.
Home for the Aged Reserve	Ongoing	- to be used for future redevelopment works at this facility.
HVRIC Reserve	Ongoing	- to provide adequate disclosure of funds received under the HVRIC and the relevant road funds are expended on.
ICT & Furniture Equipment Reserve	Ongoing	- to be used for the future of the Council's computer systems and furniture and equipment.
Land Development Reserve	Ongoing	- to be used for the acquisition of land in the Southern Cross townsite for future expansion of the town.
Mt Hampton/Dulyalbin Water Supply Reserve	Ongoing	- to be used for maintenance works at the Mt Hampton Dam and Dulyalbin Water Supply tank.
Museum Reserve	Ongoing	- monies held on behalf of the Yilgarn History Museum for their purpose and use as required.
Plant Replacement Reserve	Ongoing	- to be used for the purchase of major plant.
Recreation Facility Reserve	Ongoing	- to be used for major projects relating to Recreation within the community.
Refuse Disposal Reserve	Ongoing	- to be used for major works carried out at the Refuse Disposal Sites within the Shire.
Sewerage Reserve	Ongoing	- to be used for major maintenance or future construction works required for the Southern Cross and Marvel Loch Effluent Waste Water Schemes.
Tourism Reserve	Ongoing	- to be used to fund tourism in the Yilgarn District.
Unspent Grant Reserve	Ongoing	- to provide adequate record keeping and disclosure of tied grants received, the source of funds and related expenditure.
Youth Development Reserve	Ongoing	- to be used for the development of Youth in the Yilgarn District.

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

12. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	10,730,855	0	0	0	10,730,855	10,549,173	181,682	0	181,682	10,730,855
Furniture and equipment	39,253	0	(17,382)	(17,382)	21,871	39,253	0	0	0	39,253
Plant and equipment	707,586	1,592,293	0	1,592,293	2,299,879	707,586	0	0	0	707,586
Roads	186,892,316	0	0	0	186,892,316	186,892,316	0	0	0	186,892,316
Footpaths	1,965,378	0	0	0	1,965,378	1,965,378	0	0	0	1,965,378
Drainage	75,536,320	0	0	0	75,536,320	75,536,320	0	0	0	75,536,320
Refuse Site	645,894	0	0	0	645,894	645,894	0	0	0	645,894
Sewerage	8,107,157	0	0	0	8,107,157	8,107,157	0	0	0	8,107,157
Parks & Ovals	346,626	0	0	0	346,626	346,626	0	0	0	346,626
	284,971,385	1,592,293	(17,382)	1,574,911	286,546,296	284,789,703	181,682	0	181,682	284,971,385

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 YILGARN
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>4,567,375</u>	<u>3,545,997</u>	<u>6,772,972</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(934,685)	(11,247,264)	(81,173)
Non-cash flows in Net result:			
Depreciation	5,376,960	15,519,464	5,263,141
(Profit)/Loss on sale of asset	12,679	52,818	51,943
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	6,618	194,203	109,214
(Increase)/Decrease in inventories	3,074	4,500	7,692
Increase/(Decrease) in payables	300,286	163,815	97,527
Increase/(Decrease) in provisions	(33,790)	0	(111,614)
Grants contributions for the development of assets	<u>(2,285,230)</u>	<u>(3,092,079)</u>	<u>(1,640,856)</u>
Net cash from operating activities	<u>2,445,912</u>	<u>1,595,457</u>	<u>3,695,874</u>
(c) Undrawn Borrowing Facilities Credit Standby Arrangements			
	2016		2015
	\$		\$
Credit card limit	<u>15,000</u>		<u>15,000</u>
Total amount of credit unused	<u>15,000</u>		<u>15,000</u>

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

14. CONTINGENT LIABILITIES

The Shire has no known contingent liabilities.

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.

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	1,223,520	2,091,056
General purpose funding	437,441	51,235
Law, order, public safety	2,967,349	2,369,765
Health	768,090	727,310
Education and welfare	4,500,817	2,970,701
Housing	3,233,221	4,038,007
Community amenities	84,553,331	87,041,051
Recreation and culture	12,291,962	14,194,134
Transport	238,028,362	233,969,420
Economic services	1,381,237	1,162,450
Other property and services	4,429,359	3,967,263
Unallocated	370,329	695,904
	<u>354,185,018</u>	<u>353,278,296</u>

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

18. FINANCIAL RATIOS	2016	2015	2014
Current ratio	1.43	3.87	2.34
Asset sustainability ratio	0.72	0.61	0.66
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(0.62)	(0.29)	(0.60)
Own source revenue coverage ratio	0.49	0.53	0.53

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:

(a) Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 57 of this document.

(b) For 2015 and 2016 the Operating Surplus ratio as disclosed above was distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) of \$972,446 which was received prior to year end.

(c) For 2015, the Current Ratio as disclosed above was also distorted by the early payment of 2015/16 Financial Assistance Grant prior to year end.

(d) For 2014,

(i) the Current and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment of the year cease. This created a timing difference which resulted in an amount of some \$892,258 less revenue for the year;

(ii) The Operating Surplus and Own Source Revenue Ratios as disclosed above were also distorted by an item of significant expense totalling \$699,091 relating to the Loss on Revaluation of Townscape, Aerodrome and Other Infrastructure (Refer to note 2(a)(i) for further details).

Items (a) and (d) mentioned above are considered "one-off" timing/non-cash in nature and, if they are ignored, the calculations disclosed in the columns above would be as follows:

	2016	2015	2014
Current Ratio	1.43	1.91	4.12
Debt Service Cover Ratio	N/A	N/A	N/A
Operating Surplus Ratio	(0.43)	(0.46)	(0.31)
Own Source Revenue Coverage Ratio	0.49	0.52	0.56

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

19. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Police Licensing	5,684	694,492	(698,469)	1,707
Builders Levy (BCITF)	3,579	1,956	(398)	5,137
Transwa Bookings	3,405	20,254	(19,048)	4,611
Staff Personal Deductions	26,503	27,052	(24,720)	28,835
Housing Tenancy Bonds	10,430	14,793	(1,933)	23,290
Hall Hire Bonds	2,330	1,770	(1,375)	2,725
Security Key System	1,480	100	0	1,580
Skeleton Weed	46,093	57,793	(50,000)	53,886
Community Groups	11,941	0	0	11,941
Rates Overpaid	6,509	7,384	(6,854)	7,039
Third Party Contributions	5,628	80	0	5,708
Medical Services Provision	57,093	50,000	0	107,093
YBTC Sinking Fund	13,332	0	0	13,332
Dump Point	92	0	0	92
	<u>194,099</u>			<u>266,976</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								
Transport								
YL5248 - Amman Roller Multi tyre	56,033	33,000	0	(23,033)	60,648	35,000	0	(25,648)
YL38 - Toyota Landcruiser Workmate	31,424	31,818	394	0	33,331	30,000	0	(3,331)
YL13 - Hilux Ute	9,694	19,773	10,079	0	11,936	15,500	3,564	0
YL4949 - Mitsubishi Dual Cab 4x2	29,565	21,800	0	(7,765)	31,179	21,000	0	(10,179)
YL046 - Mitsubishi Cantor	31,840	23,600	0	(8,240)	34,933	25,000	0	(9,933)
YL311 - Isuzu	31,482	22,727	0	(8,755)	32,864	28,000	0	(4,864)
YL5067 - Toyota Landcruiser 4x4 Ute	29,451	31,818	2,367	0	35,335	30,000	0	(5,335)
YL399 - Hilux Dual Cab	0	0	0	0	33,331	18,000	0	(15,331)
Other Property and Services								
YL152 - Toyota Kluger - Doctor	7,592	14,545	6,953	0	10,374	23,000	12,626	0
YL150 - Toyota Prado GXL Mgr Works	26,872	39,091	12,219	0	29,140	40,000	10,860	0
YL50 - Toyota Kluger DCEO	17,353	20,455	3,102	0	20,491	23,000	2,509	0
YL290 - Sedan Community	0	0	0	0	15,756	8,000	0	(7,756)
	<u>271,306</u>	<u>258,627</u>	<u>35,114</u>	<u>(47,793)</u>	<u>349,318</u>	<u>296,500</u>	<u>29,559</u>	<u>(82,377)</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

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

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

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

(d) Overdraft

The Shire did not have an overdraft facility in place.

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

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$
Differential general rate / general rate								
Gross rental value valuations								
Townsite (Residential/Industrial)	0.1069	416	3,089,264	330,286	(10,386)	319,900	330,286	330,286
Commercial	0.0731	32	1,010,048	73,865	(1,666)	72,199	73,865	73,865
Minesite	0.2250	5	122,500	27,563	0	27,563	27,563	27,563
Singel Persons Quarters	0.2250	8	2,303,062	518,189	0	518,189	518,189	518,189
Unimproved value valuations								
Rural	0.0182	398	86,034,760	1,564,370	(503)	1,563,867	1,564,370	1,564,370
Mining	0.1805	318	7,364,104	1,329,081	(53,765)	1,275,316	1,329,081	1,329,081
Sub-Total		1,177	99,923,738	3,843,354	(66,320)	3,777,034	3,843,353	3,843,353
Minimum payment	Minimum \$							
Gross rental value valuations								
Townsite (Residential/Industrial)	370	100	81,339	37,000	(370)	36,630	37,000	37,000
Commercial	370	8	20,334	2,960	(370)	2,590	2,960	2,960
Minesite	370	2	1,000	740	0	740	740	740
Singel Persons Quarters	370	1	400	370	0	370	370	370
Unimproved value valuations								
Rural	370	34	253,332	12,580	0	12,580	12,580	12,580
Mining	360	294	268,341	105,840	(360)	105,480	105,840	105,840
Sub-Total		439	624,746	159,490	(1,100)	158,390	159,490	159,490
		1,616	100,548,484	4,002,844	(67,420)	3,935,424	4,002,843	4,002,843
Discounts/Concessions (refer to note 26)						(136,899)		(145,000)
Total amount raised from general rate						3,798,525		3,857,843
Ex-gratia rates						29,351		29,350
Totals						3,827,876		3,887,193

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

23. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit)	<u>308,590</u>	<u>1,416,228</u>	<u>1,416,228</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	432,103	1,300,056	1,300,056
Restricted	4,135,272	5,472,915	5,472,915
Receivables			
Rates outstanding	437,441	343,381	343,381
Sundry debtors	40,844	196,852	196,852
GST receivable	100,597	134,886	134,886
Loans receivable - clubs/institutions	6,000	6,000	6,000
Accrued Income	0	1,500	1,500
less Provision for Doubtful Debts	(19,846)	(113,073)	(113,073)
Inventories			
Fuel and materials	44,849	47,923	47,923
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(449,466)	(105,643)	(105,643)
Accrued salaries and wages	(19,652)	0	0
ATO liabilities	(76,779)	(130,408)	(130,408)
Accrued Expenses	0	(9,560)	(9,560)
Provisions			
Provision for annual leave	(219,950)	(223,967)	(223,967)
Provision for long service leave	(180,658)	(229,036)	(229,036)
Unadjusted net current assets	<u>4,230,755</u>	<u>6,691,826</u>	<u>6,691,826</u>
Adjustments			
Less: Reserves - restricted cash	(4,135,272)	(5,472,915)	(5,472,915)
Less: Loans receivable - clubs/institutions	(6,000)	(6,000)	(6,000)
Add: Component of Leave not required to be funded	219,107	203,317	203,317
Adjusted net current assets - surplus/(deficit)	<u><u>308,590</u></u>	<u><u>1,416,228</u></u>	<u><u>1,416,228</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 YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any Service Charges.

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

Rates Discounts

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General rates	5.00%	131,444	139,222	Rates paid within 35 days of the date of issue noted on the rate notice
Minimum rates	5.00%	5,455	5,778	Rates paid within 35 days of the date of issue noted on the rate notice
	5	136,899	145,000	

**SHIRE OF YILGARN
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	09-Sep-15			11.00%
Option Two				
First Instalment	09-Sep-15		5.50%	11.00%
Second Instalment	07-Jan-16	10	5.50%	11.00%
Option Three				
First Instalment	09-Sep-15		5.50%	11.00%
Second Instalment	09-Nov-15	10	5.50%	11.00%
Third Instalment	07-Jan-16	10	5.50%	11.00%
Fourth Instalment	07-Mar-16	10	5.50%	11.00%
Budgeted				
			Revenue	Revenue
			\$	\$
Interest on unpaid rates			51,930	59,250
Interest on instalment plan			8,442	750
Charges on instalment plan			8,260	10,000
			68,632	70,000

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

28. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	12,254	10,290
Law, order, public safety	12,418	4,755
Health	1,066	95
Education and welfare	76,616	93,543
Housing	43,117	42,412
Community amenities	464,173	465,459
Recreation and culture	16,554	15,719
Transport	7,037	447
Economic services	282,347	244,696
Other property and services	8,877	161,196
	<u>924,459</u>	<u>1,038,612</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	918,910	2,838,834
Law, order, public safety	78,463	11,908
Health	0	3,636
Education and welfare	436,332	54,004
Community amenities	0	1,250
Recreation and culture	32,000	48,367
Transport	271,987	238,473
Economic services	209,718	201,178
Other property and services	0	934
	<u>1,947,410</u>	<u>3,398,584</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	0	12,499
Transport	2,265,422	1,235,996
Economic services	0	392,361
Other property and services	19,808	0
	<u>2,285,230</u>	<u>1,640,856</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>40</u>	<u>40</u>
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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	21,710	28,500	16,874
President's allowance	8,000	8,000	7,000
Deputy President's allowance	2,000	2,000	1,750
Travelling expenses	3,749	5,000	6,478
	<u>35,459</u>	<u>43,500</u>	<u>32,102</u>

**SHIRE OF YILGARN
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 YILGARN
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	4,567,375	6,772,972	4,567,375	6,772,972
Receivables	614,163	626,781	614,163	626,781
	<u>5,181,538</u>	<u>7,399,753</u>	<u>5,181,538</u>	<u>7,399,753</u>
Financial liabilities				
Payables	545,897	245,611	545,897	245,611
Borrowings	0	0	0	0
	<u>545,897</u>	<u>245,611</u>	<u>545,897</u>	<u>245,611</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

**SHIRE OF YILGARN
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

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash 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.

Cash is 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	45,674	58,785
- Statement of Comprehensive Income	45,674	58,785

Notes:

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

**SHIRE OF YILGARN
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	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	98%	97%
- Overdue	2%	3%

**SHIRE OF YILGARN
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	545,897	0	0	545,897	545,897
	<u>545,897</u>	<u>0</u>	<u>0</u>	<u>545,897</u>	<u>545,897</u>
<u>2015</u>					
Payables	245,611	0	0	245,611	245,611
	<u>245,611</u>	<u>0</u>	<u>0</u>	<u>245,611</u>	<u>245,611</u>

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Yilgarn, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF YILGARN (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 57 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

Date: 23 November 2016
Perth, WA

**SHIRE OF YILGARN
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	0.98	0.99	0.99
Asset renewal funding ratio	1.16	1.14	1.12

The above ratios are calculated as follows:

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