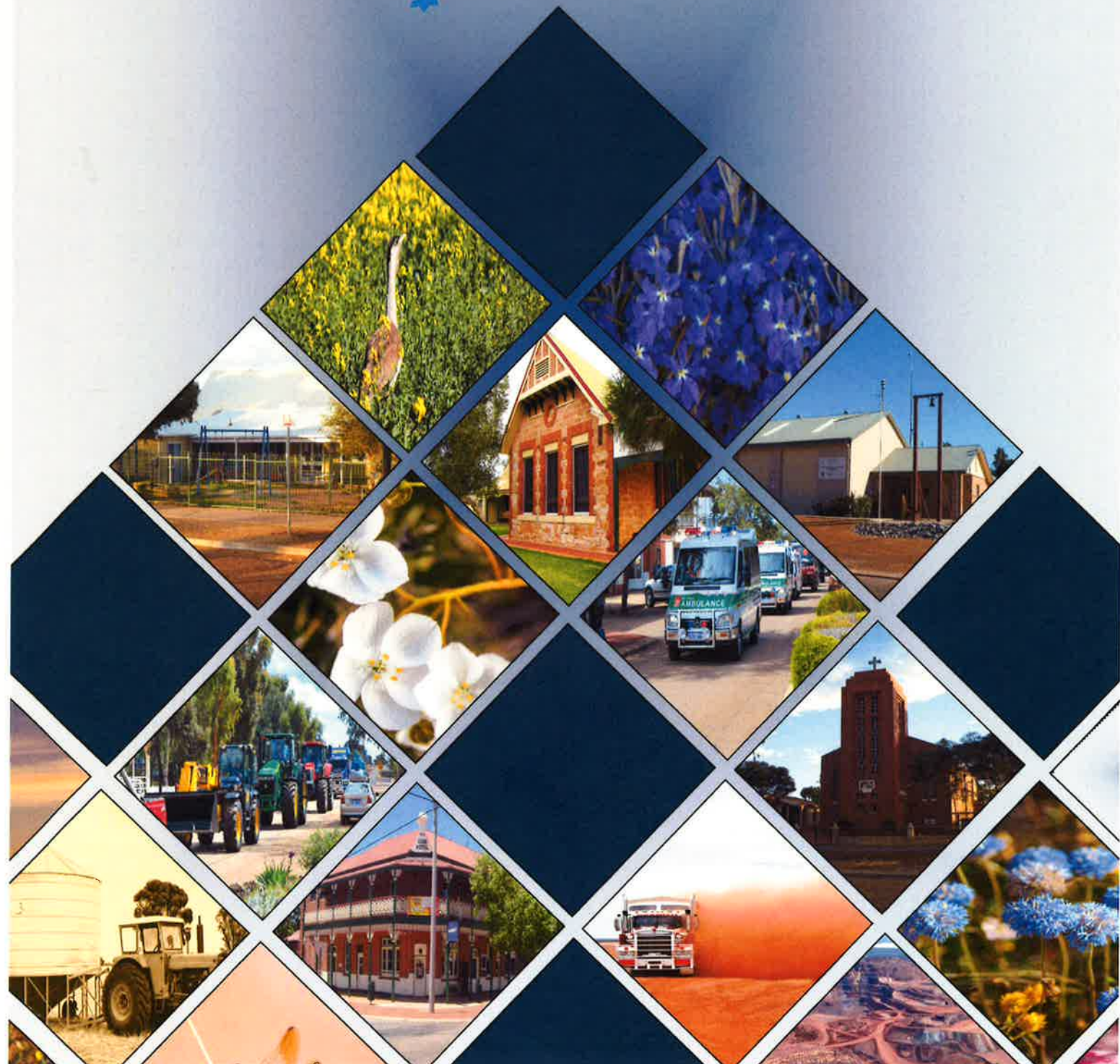


SHIRE OF YILGARN

2014/2015

ANNUAL REPORT



Annual Report 2014/2015

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Our Vision



A strong, vibrant and progressive Shire
that retains strength in its communities
by way of continual promotion of
agriculture and mining as the Shire's major
industries, with an added focus on tourism,
to ensure that a robust economic and

COUNCILLORS



Term Expires: October 2015

Postal Address:
111b Altair Street
Southern Cross 6426
T: 9049 1322
F: 9049 1442
cr_truran@yilgarn.wa.gov.au

Cr Onida T Truran

Shire President



Term Expires: October 2017

Postal Address:
PO Box 114
Southern Cross 6426
T: 9049 1149
F: 9049 1880
cr_wdellabosca@yilgarn.wa.gov.au

Cr Wayne A Della Bosca

Deputy Shire President



Term Expires: October 2015

Postal Address:
75 Antares Street
Southern Cross 6426
T: 9049 1048
F: 9049 1185
cr_pasini@yilgarn.wa.gov.au

Cr David J Pasini



Term Expires: October 2017

Postal Address:
76 Sirius Street
Southern Cross 6426
T: 9049 1667
cr_chrisp@yilgarn.wa.gov.au

Cr Kim L Chrisp



Term Expires: October 2015

Postal Address:
PO Box 106
Southern Cross 6426
T: 9049 1328
cr_guerini@yilgarn.wa.gov.au

Cr Gary M Guerini



Term Expires: October 2017

Postal Address:
PO Box 196
Southern Cross 6426
T: 9049 1608
cr_close@yilgarn.wa.gov.au

Cr Bryan Close



Term Expires: October 2017

Postal Address:
21 Corinthia West Rd
Bodallin 6424
T: 9047 7015
F: 9047 7015
cr_jdellabosca@yilgarn.wa.gov.au

Cr Julie A M Della Bosca



Organisational Structure

COUNCILLORS



Chief Executive Officer
Eddie Piper

Responsible Officer for:

- ⇒ Governance
- ⇒ Emergency Services
- ⇒ Public Relations
- ⇒ Strategic Planning
- ⇒ Overseeing Organisation Operations



Deputy CEO
John Bingham

Responsible Officer for:

- ⇒ Finance and Administration
- ⇒ Customer Service
- ⇒ Information Technology
- ⇒ Community Resource Centre
- ⇒ Library
- ⇒ Tourism & Area Promotion
- ⇒ Skeleton Weed Program



Manager for Works
Robert Bosenberg

Responsible Officer for:

- ⇒ Road and Transport
- ⇒ Parks & Gardens
- ⇒ Technical Services
- ⇒ Engineering Operations
- ⇒ Aerodrome Operations
- ⇒ Plant Purchasing



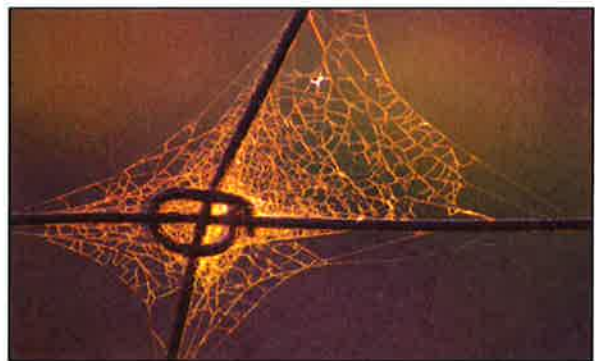
Manager for Environmental, Health
and Building Services
Wendy Dallywater

Responsible Officer for:

- ⇒ Health and Building Services
- ⇒ Community Facilities
- ⇒ Environmental
- ⇒ Planning Implementation
- ⇒ Ranger Services
- ⇒ Leisure Facilities
- ⇒ Age Care Housing
- ⇒ Sanitation, Sewerage Schemes & Drainage
- ⇒ Domestic Services

Employees' Remuneration – Salary Range \$

SALARY RANGE \$	NUMBER OF EMPLOYEES
150,000 to 160,000	1
120,000 to 130,000	1
100,000 to 110,000	3





SHIRE OF YILGARN

The Shire of Yilgarn is 30,720 square km in area and has a population of approx. 3000 including FIFO. 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”.

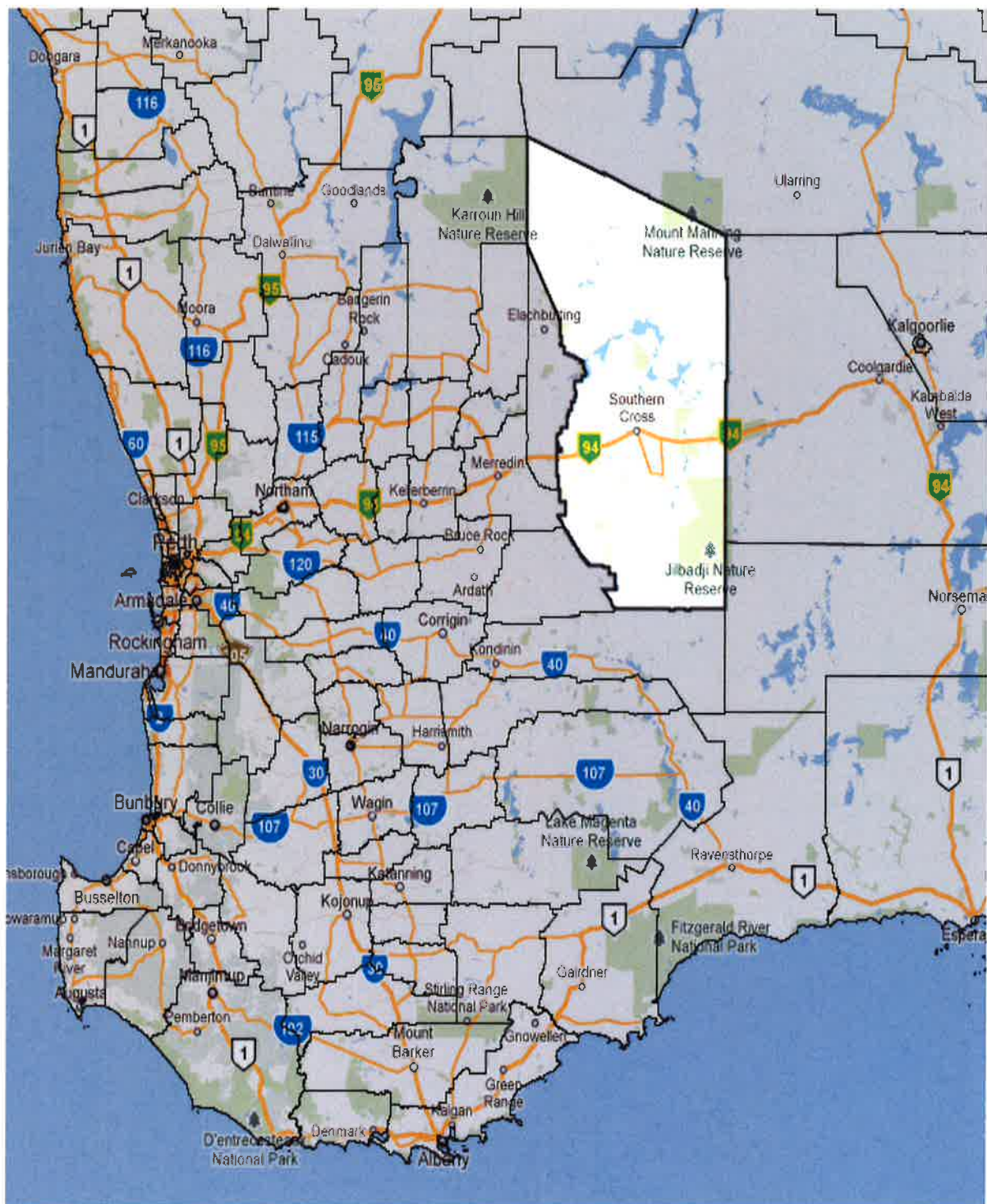
Southern Cross is the major town centre of the Shire of Yilgarn and is 370km east of Perth along the Great Eastern Highway. Other town sites in the Shire include Bodallin, Bullfinch, Ghooli, Koolyanobbing, Marvel Loch, Moorine Rock and Yellowdine.

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 LOCATION



SHIRE PRESIDENT'S REPORT

SHIRE OF YILGARN
SHIRE PRESIDENT'S REPORT
2013/2014 FINANCIAL YEAR

To The Residents of the Yilgarn

It is my pleasure to present the President's Report on the activities of council's operations for the 2014/2015 financial year.

The 2014/2015 financial year commenced with the setting of the budget that provides for the services throughout the course of the year to the residents of the Yilgarn.

The 2014/2015 financial year saw a Budget adopted which included \$13.5 million in operating and capital expenditure. Council continued with its Plant Replacement Program which means purchasing and trading various plant/equipment allowing our plant/equipment to be kept at a good standard over a ten year rotation, items under this program came to the value of \$1.3 million. Also a large portion of our budget as always is for road infrastructure at a cost of \$2.6 million.

Our budget also included the Independent Living Units project which for many and varied reasons has not been completed on schedule. The challenges have now been addressed and the units are scheduled to be fully functional early in 2016. Council has also become a part of a grouping of 11 councils in the Wheatbelt which have formed the Central East Aged Care Alliance Inc. (CEACA Inc.) a group working to deliver over 100 Independent Living Units over 6 years in the Wheatbelt. This grouping has come to fruition from the VERSO report on the Central East Wheatbelt Aged Support and Care Regional Solution/s.

Once again our community has faced a challenge with medical services. We had high hopes that securing the services of a second doctor would help alleviate some of the ongoing challenges facing a one doctor practice, but this was not to be. The challenge continues to secure and retain a long term doctor for our community.

The Shire CEO Ms Vivienne Piccoli departed during the financial year after approximately two and a half years' service in that role Council appointed Mr Eddie Piper as an Acting CEO for a period of some 7 months. This appointment was to allow council time to recruit a new CEO with the assistance of the West Australian Local Government Association (WALGA). I would like to thank all staff, councillors and the community for their support during this transition.

I take this opportunity to thank my fellow councillors and the council staff for their continued commitment and dedication to the development of this Shire for the benefit of you, our community.

Ernida Juran

Shire President

CHIEF EXECUTIVE
OFFICER'S
REPORT

SHIRE OF YILGARN
CHIEF EXECUTIVE OFFICER'S REPORT
2014/2015 FINANCIAL YEAR

Ladies and Gentlemen,

During the 2014/15 financial year the Shire farewelled Vivienne Piccoli who was employed as Shire CEO from 28th August 2012 to 14th July 2015. Council appointed Eddie Piper as acting CEO following Vivienne's departure. Eddie was the CEO for the remainder of the financial year.

Unfortunately Eddie was unable to prepare a report for inclusion in the Annual Report and therefore the activities of the Shire during the financial year have been covered within the three Manager's reports that follow.

Brian Jones
Chief Executive Officer

DEPUTY CHIEF
EXECUTIVE OFFICER'S
REPORT

SHIRE OF YILGARN

DEPUTY CHIEF EXECUTIVE OFFICER'S REPORT

2014/2015 FINANCIAL YEAR

Ladies and Gentlemen,

It is with pleasure that I present my report to the Electors in my capacity as the Deputy Chief Executive Officer of the Shire of Yilgarn, by providing a brief overview of the financial position of Council as at the 30th June 2015.

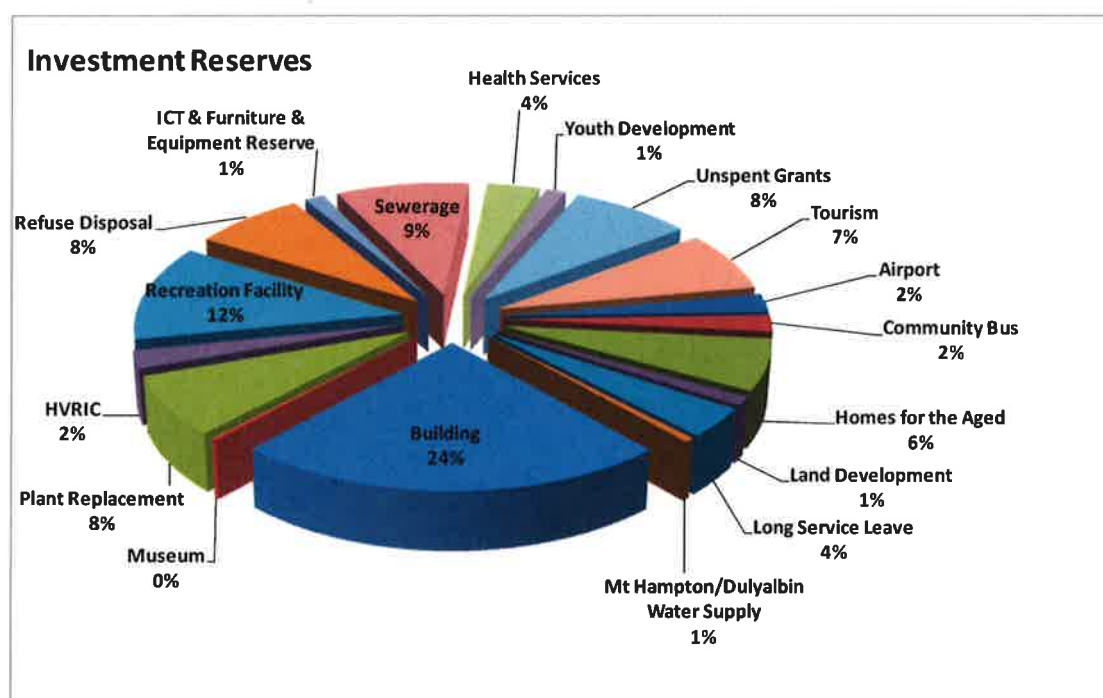
FINANCIAL SUMMARY

Council concluded the financial year with a net Current Asset position of \$6.7m, which is an increase of \$1.8m on the 2014 reported figure of \$4.9m.

Council's Auditor, Moore Stephens, has completed an Audit of the Shire of Yilgarn Financial Statements for the period 1st July 2014 to 30th June 2015 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 the 30th June 2015, Council held \$5,472,915 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 Land and Buildings undertook a revaluation exercise during the year resulting in a net increase Change on Revaluation of Fixed Assets of \$181,682.

SHIRE OF YILGARN

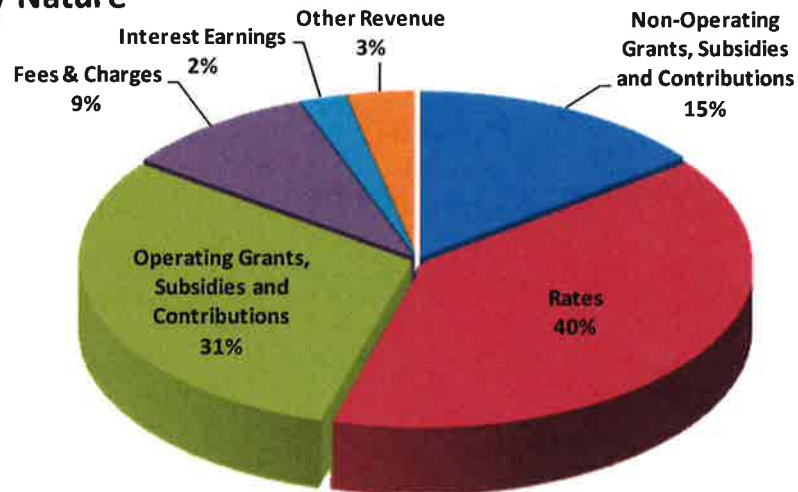
DEPUTY CHIEF EXECUTIVE OFFICER'S REPORT

2014/2015 FINANCIAL YEAR

Revenue

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

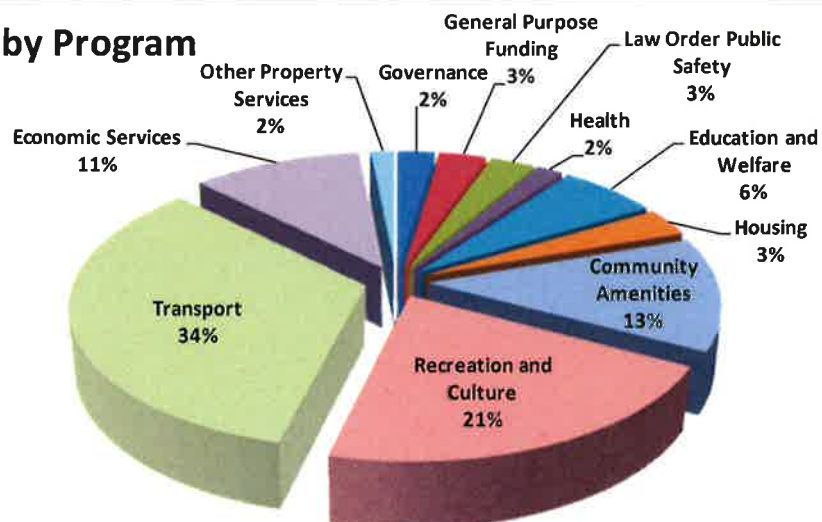
Revenue by Nature



Expenditure

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

Expenditure by Program



SHIRE OF YILGARN
DEPUTY CHIEF EXECUTIVE OFFICER'S REPORT
2014/2015 FINANCIAL YEAR

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.

SHIRE OF YILGARN
DEPUTY CHIEF EXECUTIVE OFFICER'S REPORT
2014/2015 FINANCIAL YEAR

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***
This Plan has had a desktop review in 2015. It outlines the long-term (10+ years) vision and values of the community of the Shire of Yilgarn, whilst also acknowledging the requirements and resourcing capabilities of the Shire.
- ***Corporate Business Plan 2015/16 to 2019/2020***
This plan has been reviewed in 2015. It details the services, operations and projects a local government will deliver within a defined period. It also includes the processes for delivering these and the costs associated.
- ***Forward Capital Works Plan 2015/2016 to 2019/2020***
The Shire of Yilgarn Forward Capital Works Plan was reviewed in 2015 and it's content assisted with the formulation of the 2015/16 Budget process.
- ***Adopted 2015/2016 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 2016. Naturally, copies of the 2015/2016 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 2015-16.

Mr John Bingham
Deputy Chief Executive Officer

MANAGER FOR WORKS'
REPORT

**SHIRE OF YILGARN
MANAGER for WORKS REPORT
2014/2015 FINANCIAL YEAR**

Parks and Gardens, Road Maintenance and Construction Works

Roads 2030 Regional Road Development Strategic Program

Bodallin North Road	5.5 km's 10mm bitumen reseal
Moorine South Road	4.5 km's 14mm bitumen reseal
Parker Range Road	5 km's 10mm bitumen reseal
Koolyanobbing Road	3.5 km's constructed to a 7 metre prime seal

Roads to Recovery Program

Bitumen Reseals

Marvelloch Frog Rock Road	3.5 km's 10mm bitumen reseal
---------------------------	------------------------------

Gravel Sheetting

Dulyalbin Road	2.5 km's x 9m x 150mm gravel overlay
Emu Fence Road	2 km's x 9m x 150mm gravel overlay
Cramphorne Road	2.5 km's constructed to a 7 metre prime seal, 20 metres 375mm barrel culverts installed

Heavy Vehicle Road Improvements

Koolyanobbing Road	2 km's gravel shoulder re-furbishing (HVRI)
--------------------	---

Council Programs

Bitumen Reseals

Sirius Street	1 km 10mm bitumen reseal
Taurus Street	1 km 10mm bitumen reseal
Canopus Street	1km 10mm bitumen reseal
Polaris Street	1.5 km's 10mm bitumen reseal
Sirius Street Truck Parking Bay	10mm bitumen reseal
Rigel Street	200 metres 10mm bitumen reseal
Libra Place	250 metres 10mm bitumen reseal
Andromeda Court	250 metres 10mm bitumen reseal
Beaton Road	900 km's 10mm bitumen reseal
Shallcross Street (Bullfinch)	250 metres 10mm bitumen reseal
Jones Street (Bullfinch)	250 metres 10mm bitumen reseal

**SHIRE OF YILGARN
MANAGER for WORKS REPORT
2014/2015 FINANCIAL YEAR**

Gravel Sheeting

Noongar South Road	2 km's x 9m x 150mm gravel overlay
Southern Cross South Road	3 km's x 9m x 150mm gravel overlay
Dulyalbin Road	2 km's x 9m x 150mm gravel overlay
Emu Fence Road	2 km's x 9m x 150mm gravel overlay
Kent Road	2 km's x 9m x 150mm gravel overlay
Grace Road	1 km's x 9m x 150mm gravel overlay

Once again in the 2014/2015 Financial Year Councils maintenance and construction staff have had a very productive year with a total of 6 kilometre's of road been constructed to a 7 metre prime seal stage, 25.6 kilometre's of bitumen reseal works carried out and 18.5 kilometre's of gravel sheeting been completed. Over all council's construction, maintenance grading and bitumen repair work force have maintained a good standard of roadworks and road maintenance through-out the 2014/2015 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 and written comments received by council from the public, sporting sector and tourism sector.

Private Works

Private works carried out in the 2014/15 Financial included traffic management at accident sites on Great Eastern Highway, clearing traffic accident sites, shoulder grading on Great Eastern Highway, cleaning of residential blocks in Southern Cross and bitumen repair works at school. These works were carried out by council staff and generated an income for council of \$159,934

Plant Replacement

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

- 1 x Grader
- 1 x Roller
- 1 x Utility
- 1 x Portable Electronic Message Trailer

**SHIRE OF YILGARN
MANAGER for WORKS REPORT
2014/2015 FINANCIAL YEAR**

In conclusion I would like to thank the following:

Councils outside Workforce, Councils Work Supervisor Mr. Noel Teale and Contractors engaged by council to assist with the busy maintenance and construction programs undertaken during 2014/2015 Financial Year. Thanks also to Councils Administration, Senior Management Staff and Councillors for their continued support during 2014/2015 Financial Year.

Robert Bosenberg
Manager for Works

MANAGER
ENVIROMENTAL
HEALTH AND
BUILDING SERVICES'
REPORT

**SHIRE OF YILGARN
MANAGER ENVIRONMENTAL HEALTH
& BUILDING SERVICES
2014/2015 FINANCIAL YEAR**

I am pleased to present the following report on activities that occurred during the 2014/2015 financial year regarding the various facets of my job.

Below are matters that I wish to raise or are required to raise through licence conditions or legislation requirements.

WASTE ISSUES

The introduction of bulk recycling bins at various commercial premises in Southern Cross has proven to be successful. Between July 2014 and June 2015 a total of 30.93 tonnes of cardboard and co-mingled recycling material from these bulk bins was collected (average of 2.58 tonnes per month) and diverted away from landfill. This is in addition to the 80.51 tonnes collected through the kerbside recycling service during this period.

In October 2014 the Shire held its first E-waste collection which diverted 325Kgs of waste from landfill. A second collection was held in March 2015 which diverted a total of 2,049Kgs of waste from landfill.

I remind residents that they can recycle their old mobile telephones and charges at either the Shire Office or the Community Resource Centre, and your empty toner cartridges can be recycled at the Community Resource Centre.

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 aims to still 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.

An application for Works Approval to construct a sullage trench at the new Southern Cross Landfill Site was approved by the Department of Environment Regulations. Work commenced on the construction in May 2015. An application to amend the Shire licence for the Landfill Site has been submitted to the Department. This trench is designed to take septic tank and grease trap waste.

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 less often. If there is going to be an outdoor function or activity in any of the towns, please let

**SHIRE OF YILGARN
MANAGER ENVIRONMENTAL HEALTH
& BUILDING SERVICES
2014/2015 FINANCIAL YEAR**

me know with enough notice and we can arrange for a treatment to be carried out 1 or 2 days before your function or activity.

SWIMMING POOL

In 2014/2015 the Southern Cross Public Swimming Pool was managed by Mrs Sandra Ciabarri with the assistance of Mr John Ciabarri acting as a Relief Manager two days a week. Once again the facility was maintained to a high standard throughout the swimming season.

In May 2015 work commenced to identify water leaks in the main pool bowl. Pipework was inspected and pressure tested, with one cracked pipe section being replaced and some concrete cancer around an outlet pipe removed and the hole filled. Dye tests carried out under water were inconclusive. When the pool was nearly empty it was identified that 3 floor joints were leaking. Another consultant was employed in August 2015 to investigate the leaks and determine the method to repair the joints, plus assess the concrete and steel reinforcement in the concrete bowl.

I wish to thank Mrs Ciabarri and Mr Ciabarri for their cooperation, diligence and commitment during the past year.

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 Shire of Yilgarn is also committed to achieving seven desired outcomes through its DAIP. They are:-

- 1) People with disability have the same opportunities as other people to access the services of, and any events organized or sponsored by Council.
- 2) People with disability have the same opportunities as other people to access the buildings and other facilities provided by Council.
- 3) People with disability receive information from Council in a format that will enable them to access the information as readily as other people are able to access it.
- 4) People with disability receive the same level and quality of service from Council staff as other people receive from the staff of Council.
- 5) People with disability have the same opportunities as other people to make complaints to Council.

**SHIRE OF YILGARN
MANAGER ENVIRONMENTAL HEALTH
& BUILDING SERVICES
2014/2015 FINANCIAL YEAR**

- 6) People with disability have the same opportunities as other people to participate in any public consultation by Council.
- 7) People with disability have the same opportunities as other people to obtain and maintain employment within a public authority.

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

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 to improve access for people within the commercial area of Southern Cross.

OTHER ISSUES

The issue of allowing sea containers on residential properties created a lot of discussion and a new Council Policy was written which allows for a sea container to be considered as an alternative to a shed. The 2 new transportable dwellings at 13 Libra Place, Southern Cross (Professional Houses) were completed ready for occupation in October 2014 with just fencing and landscaping being completed in the first few months of 2015.

In February 2015 tenders were called for the supply and installation of 4 by 2 bedroom transportable dwellings to be the first stage of the development on the old bowling club site (corner Antares & Canopus Streets, Southern Cross). The tender was awarded to Fleetwood or Perth. In May 2015 tenders were called for the earthworks and provision of utility services for 12 dwellings (4 dwellings in stage 1 and 8 dwellings to be built in the future) on the old bowling club site. The tender was awarded to A & P Wright of Kalgoorlie.

Plans for the refurbishment of an ablution block and upgrade of sullage pits and electrical supply to bays at the Southern Cross Caravan Park have been ongoing. In addition, work commenced on the refurbishment of 2 rooms in Sandalwood Lodge and the reception/office area at the Caravan Park was refurbished.

Maintenance of Shire owned buildings was carried out throughout the year through a combination of local contractors (builders, electricians, plumbers, etc.), and the Shire Building Maintenance Staff, plus the Shire Domestic Cleaning Staff. I wish to thank all those people for their work throughout the year, in particular the Asset Management Officer, the Building Maintenance Staff and the 5 members of the Domestic Cleaning Staff.

**SHIRE OF YILGARN
MANAGER ENVIRONMENTAL HEALTH
& BUILDING SERVICES
2014/2015 FINANCIAL YEAR**

I wish to thank the Asset Management Officer for all her work assisting me and the Manager of Works throughout the year, as well as the Environmental Officer/LAG Support Officer, the LAG Coordinator, and the Ranger for all their work and cooperation throughout the year.

Conclusion

In conclusion I wish to thank Council, the members of the senior management team, and all other Shire staff who have given support and assistance to me throughout the year.

Wendy J Dallywater

Manager Environmental Health & Building Services

2014/2015

ANNUAL FINANCIAL
REPORT

SHIRE OF YILGARN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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

**SHIRE OF YILGARN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

**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 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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

14th

day of

December

2015



Brian Jones
Chief Executive Officer

SHIRE OF YILGARN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	4,378,978	4,157,575	4,024,584
Operating grants, subsidies and contributions	28	3,398,584	2,317,983	1,566,674
Fees and charges	27	1,038,612	1,051,484	1,003,660
Interest Earnings	2(a)	252,195	210,430	264,526
Other revenue	2(a)	387,475	251,960	177,333
		<u>9,455,844</u>	<u>7,989,432</u>	<u>7,036,777</u>
Expenses				
Employee costs		(2,837,356)	(3,191,657)	(2,569,405)
Materials and contracts		(2,140,010)	(2,565,240)	(2,823,236)
Utility charges		(301,171)	(361,306)	(432,575)
Depreciation on non-current assets	2(a)	(5,263,141)	(3,339,400)	(3,260,792)
Insurance expenses		(293,170)	(147,270)	(311,677)
Other expenditure		(291,082)	(178,206)	(79,135)
		<u>(11,125,930)</u>	<u>(9,783,079)</u>	<u>(9,476,820)</u>
		<u>(1,670,086)</u>	<u>(1,793,647)</u>	<u>(2,440,043)</u>
Non-operating grants, subsidies and contributions	28	1,640,856	2,241,056	1,413,504
Loss on revaluation of fixed assets	2(a)	0	0	(699,091)
Profit on asset disposals	20	7,972	12,255	0
Loss on asset disposals	20	<u>(59,915)</u>	<u>(86,902)</u>	<u>(119,272)</u>
Net result		(81,173)	372,762	(1,844,902)
Other comprehensive income				
Changes on revaluation of non-current assets	12	181,682	0	273,493,691
Total other comprehensive income		<u>181,682</u>	<u>0</u>	<u>273,493,691</u>
Total comprehensive income		<u><u>100,509</u></u>	<u><u>372,762</u></u>	<u><u>271,648,789</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 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Governance		0	1,000	0
General purpose funding		7,525,222	6,237,831	5,160,396
Law, order, public safety		74,040	36,265	110,456
Health		31,731	25,500	20,469
Education and welfare		269,249	223,399	224,225
Housing		42,412	49,660	47,785
Community amenities		467,616	473,585	477,532
Recreation and culture		65,227	37,200	43,226
Transport		268,864	298,501	257,828
Economic services		445,874	498,491	221,755
Other property and services		265,609	108,000	473,105
	2(a)	<u>9,455,844</u>	<u>7,989,432</u>	<u>7,036,777</u>
Expenses				
Governance		(338,939)	(394,742)	(410,529)
General purpose funding		(501,579)	(410,001)	(408,283)
Law, order, public safety		(365,338)	(404,976)	(305,270)
Health		(237,407)	(232,891)	(264,357)
Education and welfare		(471,748)	(492,128)	(504,023)
Housing		(201,947)	(213,532)	(273,942)
Community amenities		(2,576,140)	(928,878)	(863,312)
Recreation and culture		(1,454,270)	(1,811,380)	(1,677,346)
Transport		(3,649,881)	(3,780,843)	(3,546,844)
Economic services		(995,499)	(1,038,458)	(601,964)
Other property and services		(333,182)	(75,250)	(620,950)
	2(a)	<u>(11,125,930)</u>	<u>(9,783,079)</u>	<u>(9,476,820)</u>
Loss on Revaluation of fixed assets				
Transport		0	0	(699,091)
	2(a)	<u>0</u>	<u>0</u>	<u>(699,091)</u>
Non-operating grants, subsidies and contributions				
Law, order, public safety		0	435,000	0
Recreation and culture		12,499	195,333	417
Transport		1,235,996	1,218,362	1,413,087
Economic services		392,361	392,361	0
	28	<u>1,640,856</u>	<u>2,241,056</u>	<u>1,413,504</u>
Profit/(Loss) on disposal of assets				
Transport		(51,943)	(81,193)	(88,626)
Other property and services		0	6,546	(30,646)
	20	<u>(51,943)</u>	<u>(74,647)</u>	<u>(119,272)</u>
Net result		(81,173)	372,762	(1,844,902)
Other comprehensive income				
Expenses	0	181,682	0	273,493,691
Total other comprehensive income		181,682	0	273,493,691
Total comprehensive income		100,509	372,762	271,648,789

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

**SHIRE OF YILGARN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,778,972	4,876,933
Trade and other receivables	4	569,546	683,892
Inventories	5	47,923	55,615
TOTAL CURRENT ASSETS		<u>7,396,441</u>	<u>5,616,440</u>
NON-CURRENT ASSETS			
Other receivables	4	51,235	58,103
Property, plant and equipment	6	25,116,363	25,473,513
Infrastructure	7	320,714,257	322,043,818
TOTAL NON-CURRENT ASSETS		<u>345,881,855</u>	<u>347,575,434</u>
TOTAL ASSETS		<u>353,278,296</u>	<u>353,191,874</u>
CURRENT LIABILITIES			
Trade and other payables	8	245,611	148,084
Provisions	10	453,003	561,246
TOTAL CURRENT LIABILITIES		<u>698,614</u>	<u>709,330</u>
NON-CURRENT LIABILITIES			
Provisions	10	19,639	23,010
TOTAL NON-CURRENT LIABILITIES		<u>19,639</u>	<u>23,010</u>
TOTAL LIABILITIES		<u>718,253</u>	<u>732,340</u>
NET ASSETS		<u>352,560,043</u>	<u>352,459,534</u>
EQUITY			
Retained surplus		62,115,743	63,226,793
Reserves - cash backed	11	5,472,915	4,443,038
Revaluation surplus	12	284,971,385	284,789,703
TOTAL EQUITY		<u>352,560,043</u>	<u>352,459,534</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 2015

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		63,213,006	6,301,727	11,296,012	80,810,745
Comprehensive income					
Net result		(1,844,902)	0	0	(1,844,902)
Changes on revaluation of non-current assets	12	0	0	273,493,691	273,493,691
Total comprehensive income		<u>(1,844,902)</u>	<u>0</u>	<u>273,493,691</u>	<u>271,648,789</u>
Transfers from/(to) reserves		1,858,689	(1,858,689)	0	0
Balance as at 30 June 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 non-current assets	12	0	0	181,682	181,682
Total comprehensive income		<u>(81,173)</u>	<u>0</u>	<u>181,682</u>	<u>100,509</u>
Transfers from/(to) reserves		(1,029,877)	1,029,877	0	0
Balance as at 30 June 2015		62,115,743	5,472,915	284,971,385	352,560,043

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,409,585	4,170,105	3,841,714
Operating grants, subsidies and contributions		3,559,223	2,343,183	1,466,485
Fees and charges		1,038,612	1,059,484	1,003,660
Interest earnings		252,195	260,950	264,526
Goods and Services tax		533,942	452,050	667,363
Other revenue		387,475	251,960	177,333
		<u>10,181,032</u>	<u>8,537,732</u>	<u>7,421,081</u>
Payments				
Employee costs		(2,949,099)	(3,138,522)	(2,486,804)
Materials and contracts		(2,034,662)	(2,527,655)	(3,344,823)
Utility charges		(301,171)	(350,101)	(432,575)
Insurance expenses		(293,170)	(147,270)	(311,677)
Goods and services tax		(615,974)	(441,950)	(667,629)
Other expenditure		(291,082)	(178,206)	(79,135)
		<u>(6,485,158)</u>	<u>(6,783,704)</u>	<u>(7,322,643)</u>
Net cash provided by (used in) operating activities	13(b)	<u>3,695,874</u>	<u>1,754,028</u>	<u>98,438</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,176,417)	(3,010,889)	(1,523,224)
Payments for construction of infrastructure		(2,512,742)	(3,217,872)	(2,747,401)
Non-operating grants, Subsidies and contributions		1,640,856	2,241,056	1,413,504
Proceeds from sale of fixed assets		242,468	236,840	259,042
Net cash provided by (used in) investment activities		<u>(1,805,835)</u>	<u>(3,750,865)</u>	<u>(2,598,079)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from self supporting loans		12,000	6,000	6,000
Net cash provided by (used in) financing activities		<u>12,000</u>	<u>6,000</u>	<u>6,000</u>
Net increase (decrease) in cash held		1,902,039	(1,990,837)	(2,493,641)
Cash at beginning of year		4,876,933	5,169,421	7,370,574
Cash and cash equivalents at the end of the year	13(a)	<u><u>6,778,972</u></u>	<u><u>3,178,584</u></u>	<u><u>4,876,933</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		0	1,000	0
General purpose funding		3,146,244	2,080,256	1,135,812
Law, order, public safety		74,040	471,265	110,456
Health		31,731	25,500	20,469
Education and welfare		269,249	223,399	224,225
Housing		42,412	49,660	47,785
Community amenities		467,616	473,585	477,532
Recreation and Culture		77,726	232,533	43,643
Transport		1,512,832	1,522,572	1,670,915
Economic services		838,235	890,852	221,755
Other property and services		265,609	114,546	473,105
		<u>6,725,694</u>	<u>6,085,168</u>	<u>4,425,697</u>
Expenses				
Governance		(338,939)	(394,742)	(410,529)
General purpose funding		(501,579)	(410,001)	(408,283)
Law, order, public safety		(365,338)	(404,976)	(305,270)
Health		(237,407)	(232,891)	(264,357)
Education and welfare		(471,748)	(492,128)	(504,023)
Housing		(201,947)	(213,532)	(273,942)
Community amenities		(2,576,140)	(928,878)	(863,312)
Recreation and culture		(1,454,270)	(1,811,380)	(1,677,346)
Transport		(3,709,796)	(3,867,745)	(4,334,561)
Economic services		(995,499)	(1,038,458)	(601,964)
Other property and services		(333,182)	(75,250)	(651,596)
		<u>(11,185,845)</u>	<u>(9,869,981)</u>	<u>(10,295,183)</u>
Net result excluding rates		(4,460,151)	(3,784,813)	(5,869,486)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
Loss on Revaluation of Non-Current Assets		0	0	699,091
(Profit)/Loss on asset disposals	20	51,943	74,647	119,272
Movement in deferred pensioner rates (non-current)		(5,132)	0	(6,747)
Movement in employee benefit provisions (non-current)		(7,976)	0	(53,979)
Depreciation and amortisation on assets	2(a)	5,263,141	3,339,400	3,260,792
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(437,328)	(1,677,489)	(588,265)
Purchase furniture & equipment	6(b)	0	0	(10,538)
Purchase plant & equipment	6(b)	(739,089)	(1,333,400)	(924,421)
Purchase roads	7(b)	(2,357,940)	(2,527,779)	(2,397,130)
Purchase footpaths	7(b)	0	(31,878)	(19,842)
Purchase drainage	7(b)	(22,350)	(29,245)	0
Purchase sewerage	7(b)	(87,969)	(37,300)	(63,939)
Purchase townscape	7(b)	(12,412)	(41,670)	(38,289)
Purchase parks & ovals	7(b)	0	(550,000)	0
Purchase aerodromes	7(b)	0	0	(212,976)
Purchase other	7(b)	(32,071)	0	(15,225)
Proceeds from disposal of fixed assets	20	242,468	236,840	259,042
Proceeds from self supporting loans		12,000	6,000	6,000
Transfers to reserves (restricted assets)	11	(1,961,730)	(820,836)	(1,027,236)
Transfers from reserves (restricted assets)	11	931,853	2,048,339	2,885,925
ADD Surplus/(deficit) July 1 b/fwd	22(b)	665,993	971,609	639,360
LESS Surplus/(deficit) June 30 c/fwd	22(b)	1,422,228	0	665,993
Total amount raised from general rate	22(a)	<u>(4,378,978)</u>	<u>(4,157,575)</u>	<u>(4,024,584)</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 2015

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 appear 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 2015

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 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.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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 2015**

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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Plant and equipment	5 to 10 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 2015

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 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 at least every 3 years.

(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 2015**

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 non-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 2015

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 2015

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 and salaries 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 2015

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 2015**

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 REPORT1
FOR THE YEAR ENDED 30TH JUNE 2015

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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil – The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
<p>(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments</p> <p>[Operative date: Part C Financial Instruments - 1 January 2015]</p>	December 2013	Refer title column	<p>Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.</p>
<p>(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
<p>(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 & 138]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT1
FOR THE YEAR ENDED 30TH JUNE 2015

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 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	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.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15. 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.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures. This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(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:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
General purpose funding	0	(699,091)
	<u>0</u>	<u>(699,091)</u>
This significant expense in 2014 relates to the fair valuation of Townscape, Aerodrome and Other Infrastructure.		
Auditors remuneration		
- Audit of the annual financial report	28,805	24,325
- Assistance with the finalisation of the annual financial report	900	4,100
- Other services	2,900	6,300
Depreciation		
Non-specialised buildings	270,844	234,065
Specialised buildings	518,980	535,124
Furniture & Equipment	2,648	2,122
Plant & Equipment	628,366	584,109
Roads	1,854,458	1,712,592
Footpaths	51,233	42,867
Drainage	1,694,959	7,113
Refuse Site	17,417	0
Sewerage	119,426	22,882
Townscape	3,626	14,632
Parks & Ovals	16,219	0
Aerodromes	14,906	21,582
Other	70,059	83,704
	<u>5,263,141</u>	<u>3,260,792</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	179,735	119,292
Other	207,740	58,041
	<u>387,475</u>	<u>177,333</u>
	<u>5,650,616</u>	<u>3,438,125</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		2014
- Reserve funds	113,392	Actual
- Other funds	58,660	\$
Other interest revenue (refer note 26)	80,143	162,210
	<u>252,195</u>	44,292
	<u>210,430</u>	58,024
	<u>252,195</u>	<u>264,526</u>

**SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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 2015**

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 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Grant/Contribution									
DLG - Asset Mgmt		Governance	14,306	0	0	14,306	0	(14,306)	0
DLG - Strategic Planning		Governance	27,740	0	0	27,740	0	(15,000)	12,740
Royalties for Regions - Regional									
Component - Multi Purpose Accom.		Housing	720,573	0	(720,573)	0	0	0	0
HVRIC		Transport	136,809	36,440	(109,927)	63,322	39,306	(28,171)	74,457
Wheatbelt Development Commission									
Aged Friendly Communities		Educ. & Welfare	0	0	0	0	46,405	0	46,405
Dept. of Sport & Rec.									
Community Pool Revitalisation		Rec. & Culture	0	0	0	0	30,000	(30,000)	0
Country Local Govt. Fund									
Caravan Park Upgrade		Economic Serv.	0	0	0	0	392,361	0	392,361
Lotterywest									
Museum Upgrade		Rec. & Culture	0	0	0	0	12,044	(12,044)	0
Police Department		Comm. Safety	0	25,000	0	25,000	0	(25,000)	0
Total			899,428	61,440	(830,500)	130,368	520,116	(124,521)	525,963

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 of June 2015 \$74,457 is included in HVRIC Reserve and \$451,506 is included in Unspent Grants Reserve.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,306,056	433,895
Restricted		5,472,915	4,443,038
		<u>6,778,972</u>	<u>4,876,933</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	203,317	207,921
Airport reserve	11	124,044	114,686
Building reserve	11	1,290,609	1,318,529
Community Bus reserve	11	113,433	90,043
Health Services reserve	11	193,810	140,092
Home for the Aged reserve	11	354,398	311,081
HVRIC reserve	11	120,918	104,139
ICT & Furniture Equipment reserve	11	71,220	64,508
Land Development reserve	11	57,261	55,780
Mt Hampton/Dulyalbin Water Supply reserve	11	28,306	24,395
Museum reserve	11	15,419	10,189
Plant replacement reserve	11	410,617	400,000
Recreation Facility reserve	11	652,569	699,006
Refuse Disposal reserve	11	413,173	158,954
Sewerage reserve	11	490,257	557,767
Tourism reserve	11	408,246	56,740
Unspent Grant reserve	11	451,506	67,046
Youth Development reserve	11	73,812	62,162
		<u>5,472,915</u>	<u>4,443,038</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	343,381	379,120
Sundry debtors	196,852	273,716
GST receivable	134,886	52,854
Loans - clubs/institutions	6,000	6,000
Accrued Income	1,500	15,876
less Provision for Doubtful Debts	(113,073)	(43,674)
	<u>569,546</u>	<u>683,892</u>
Non-current		
Rates outstanding - pensioners	31,735	26,603
Loans - clubs/institutions	19,500	31,500
	<u>51,235</u>	<u>58,103</u>
5. INVENTORIES		
Current		
Fuel and materials	47,923	55,615
	<u>47,923</u>	<u>55,615</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2015 - level 3	115,000	0
- Independent valuation 2015 - level 2	1,369,000	0
- Independent valuation 2012 - level 2	0	900,500
- Management Valuation 2015 - level 3	35,031	0
- Additions after valuation - cost	0	77,062
	<u>1,519,031</u>	<u>977,562</u>
Land vested in and under the control of Council at:		
- Management valuation 2015 - level 3	1,053,475	0
- Cost	0	1,053,475
	<u>1,053,475</u>	<u>1,053,475</u>
	<u>2,572,506</u>	<u>2,031,037</u>
Non-specialised buildings at:		
- Independent valuation 2015 - level 2	2,510,000	0
- Independent valuation 2012 - level 2	0	3,006,681
- Additions after valuation - cost	0	420,040
Less: accumulated depreciation	0	(318,473)
	<u>2,510,000</u>	<u>3,108,248</u>
Specialised buildings at:		
- Independent valuation 2015 - level 3	14,931,000	0
- Management valuation 2015 - level 3	185,285	0
- Independent valuation 2012 - level 3	0	14,398,719
- Additions after valuation - cost	0	2,470,143
Less: accumulated depreciation	0	(1,638,542)
	<u>15,116,285</u>	<u>15,230,320</u>
	<u>17,626,285</u>	<u>18,338,568</u>
Total land and buildings	<u>20,198,791</u>	<u>20,369,605</u>
Furniture & Equipment at:		
- Management valuation 2013 - level 3	39,253	39,253
- Additions after valuation - cost	10,538	10,538
Less accumulated depreciation	(4,770)	(2,122)
	<u>45,021</u>	<u>47,669</u>
Plant & Equipment at:		
- Management valuation 2013 - level 2	4,303,241	4,692,241
- Additions after valuation - cost	1,663,510	924,421
Less accumulated depreciation	(1,094,200)	(560,423)
	<u>4,872,551</u>	<u>5,056,239</u>
	<u>25,116,363</u>	<u>25,473,513</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. 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 2015

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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold land	977,562	0	0	541,469	0	0	1,519,031
Land vested in and under the control of Council	1,053,475	0	0	0	0	0	1,053,475
Total land	2,031,037	0	0	541,469	0	0	2,572,506
Non-specialised buildings	3,108,248	365,251	0	(692,655)	0	(270,844)	2,510,000
Specialised buildings	15,230,320	72,077	0	332,868	0	(518,980)	15,116,285
Total buildings	18,338,568	437,328	0	(359,787)	0	(789,824)	17,626,285
Total land and buildings	20,369,605	437,328	0	181,682	0	(789,824)	20,198,791
Furniture & Equipment	47,669	0	0	0	0	(2,648)	45,021
Plant & Equipment	5,056,239	739,089	(294,411)	0	0	(628,366)	4,872,551
Total property, plant and equipment	25,473,513	1,176,417	(294,411)	181,682	0	(1,420,838)	25,116,421

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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 & Equipment	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant & Equipment	Level 2	Market approach using recent observable market data for similar properties	Management Valuation	June 2013	Price per item

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
7 (a). INFRASTRUCTURE		
Roads		
- Management valuation 2014 - level 3	230,872,330	230,872,330
- Additions after valuation - cost	2,357,940	0
Less accumulated depreciation	<u>(1,854,458)</u>	<u>0</u>
	231,375,812	230,872,330
Footpaths		
- Management valuation 2014 - level 3	2,096,168	2,096,168
Less accumulated depreciation	<u>(51,233)</u>	<u>0</u>
	2,044,935	2,096,168
Drainage		
- Management valuation 2014 - level 3	75,983,762	75,983,762
- Additions after valuation - cost	22,350	0
Less accumulated depreciation	<u>(1,694,959)</u>	<u>0</u>
	74,311,153	75,983,762
Refuse Site		
- Management valuation 2014 - level 3	987,627	987,627
Less accumulated depreciation	<u>(17,417)</u>	<u>0</u>
	970,210	987,627
Sewerage		
- Management valuation 2014 - level 3	9,353,975	9,353,975
- Additions after valuation - cost	87,969	0
Less accumulated depreciation	<u>(119,426)</u>	<u>0</u>
	9,322,518	9,353,975
Townscape		
- Management valuation 2014 - level 3	152,967	152,967
- Additions after valuation - cost	12,412	0
Less accumulated depreciation	<u>(3,626)</u>	<u>0</u>
	161,753	152,967
Parks & Ovals		
- Management valuation 2014 - level 3	584,585	584,585
Less accumulated depreciation	<u>(16,219)</u>	<u>0</u>
	568,366	584,585
Aerodromes		
- Management valuation 2014 - level 3	595,784	595,784
Less accumulated depreciation	<u>(14,906)</u>	<u>0</u>
	580,878	595,784
Other		
- Management valuation 2014 - level 3	1,416,620	1,416,620
- Additions after valuation - cost	32,071	0
Less accumulated depreciation	<u>(70,059)</u>	<u>0</u>
	1,378,632	1,416,620
	<u>320,714,257</u>	<u>322,043,818</u>

**SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

7 (a). INFRASTRUCTURE (Continued)

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. 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 2015

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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	230,872,330	2,357,940	0	0	0	(1,854,458)	0	231,375,812
Footpaths	2,096,168	0	0	0	0	(51,233)	0	2,044,935
Drainage	75,983,762	22,350	0	0	0	(1,694,959)	0	74,311,153
Refuse Site	987,627	0	0	0	0	(17,417)	0	970,210
Sewerage	9,353,975	87,969	0	0	0	(119,426)	0	9,322,518
Townscape	152,967	12,412	0	0	0	(3,626)	0	161,753
Parks & Ovals	584,585	0	0	0	0	(16,219)	0	568,366
Aerodromes	595,784	0	0	0	0	(14,906)	0	580,878
Other	1,416,620	32,071	0	0	0	(70,059)	0	1,378,632
Total infrastructure	322,043,818	2,512,742	0	0	0	(3,842,303)	0	320,714,257

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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 2015

	2015 \$	2014 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	105,643	17,104
Accrued Expenses	9,560	0
Accrued salaries and wages	0	79,567
ATO Liability	130,408	50,970
ESL Liability	0	443
	<u>245,611</u>	<u>148,084</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 2014	324,568	236,678	561,246
Non-current provisions	0	23,010	23,010
	<u>324,568</u>	<u>259,688</u>	<u>584,256</u>
Amounts used	(100,601)	(11,013)	(111,614)
Balance at 30 June 2015	<u>223,967</u>	<u>248,675</u>	<u>472,642</u>
Comprises			
Current	223,967	229,036	453,003
Non-current	0	19,639	19,639
	<u>223,967</u>	<u>248,675</u>	<u>472,642</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave reserve			
Opening balance	207,921	227,872	255,712
Amount set aside / transfer to reserve	5,519	6,920	(10,806)
Amount used / transfer from reserve	(10,123)	(57,440)	(36,985)
	<u>203,317</u>	<u>177,352</u>	<u>207,921</u>
(b) Airport reserve			
Opening balance	114,686	84,370	74,646
Amount set aside / transfer to reserve	9,358	10,230	40,040
Amount used / transfer from reserve	0	0	0
	<u>124,044</u>	<u>94,600</u>	<u>114,686</u>
(c) Building reserve			
Opening balance	1,318,529	1,155,970	1,145,981
Amount set aside / transfer to reserve	34,998	33,090	253,548
Amount used / transfer from reserve	(62,918)	(1,077,419)	(81,000)
	<u>1,290,609</u>	<u>111,641</u>	<u>1,318,529</u>
(d) Community Bus reserve			
Opening balance	90,043	89,888	65,553
Amount set aside / transfer to reserve	23,390	24,120	24,490
Amount used / transfer from reserve	0	0	0
	<u>113,433</u>	<u>114,008</u>	<u>90,043</u>
(e) Computer Hardware & Software reserve			
Opening balance	0	0	46,348
Amount set aside / transfer to reserve	0	0	1,041
Amount used / transfer from reserve	0	0	(47,389)
	<u>0</u>	<u>0</u>	<u>0</u>
(f) Health Services reserve			
Opening balance	140,092	180,535	135,682
Amount set aside / transfer to reserve	53,718	55,980	4,410
Amount used / transfer from reserve	0	0	0
	<u>193,810</u>	<u>236,515</u>	<u>140,092</u>
(g) Home for the Aged reserve			
Opening balance	311,081	265,126	255,971
Amount set aside / transfer to reserve	43,317	55,010	55,110
Amount used / transfer from reserve	0	0	0
	<u>354,398</u>	<u>320,136</u>	<u>311,081</u>
(h) HVRIC reserve			
Opening balance	104,139	141,075	138,067
Amount set aside / transfer to reserve	16,779	20,000	(14,696)
Amount used / transfer from reserve	0	(91,650)	(19,232)
	<u>120,918</u>	<u>69,425</u>	<u>104,139</u>
(i) ICT & Furniture Equipment reserve			
Opening balance	64,508	23,853	0
Amount set aside / transfer to reserve	6,712	5,130	88,508
Amount used / transfer from reserve	0	0	(24,000)
	<u>71,220</u>	<u>28,983</u>	<u>64,508</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (Continued)			
(j) Land Development reserve			
Opening balance	55,780	106,249	102,580
Amount set aside / transfer to reserve	1,481	3,290	(46,800)
Amount used / transfer from reserve	0	0	0
	<u>57,261</u>	<u>109,539</u>	<u>55,780</u>
(k) Mt Hampton/Dulyalbin Water Supply reserve			
Opening balance	24,395	33,832	31,394
Amount set aside / transfer to reserve	3,911	3,050	(6,999)
Amount used / transfer from reserve	0	0	0
	<u>28,306</u>	<u>36,882</u>	<u>24,395</u>
(l) Museum reserve			
Opening balance	10,189	11,514	13,739
Amount set aside / transfer to reserve	5,230	860	4,296
Amount used / transfer from reserve	0	0	(7,846)
	<u>15,419</u>	<u>12,374</u>	<u>10,189</u>
(m) Plant replacement reserve			
Opening balance	400,000	487,614	1,044,059
Amount set aside / transfer to reserve	667,817	475,090	(56,056)
Amount used / transfer from reserve	(657,200)	(657,200)	(588,003)
	<u>410,617</u>	<u>305,504</u>	<u>400,000</u>
(n) Recreation Facility reserve			
Opening balance	699,006	701,220	677,006
Amount set aside / transfer to reserve	18,554	29,700	22,000
Amount used / transfer from reserve	(64,991)	(139,630)	0
	<u>652,569</u>	<u>591,290</u>	<u>699,006</u>
(o) Refuse Disposal reserve			
Opening balance	158,954	159,460	153,954
Amount set aside / transfer to reserve	254,219	4,940	5,000
Amount used / transfer from reserve	0	0	0
	<u>413,173</u>	<u>164,400</u>	<u>158,954</u>
(p) Sewerage reserve			
Opening balance	557,767	500,679	500,916
Amount set aside / transfer to reserve	14,805	68,396	125,490
Amount used / transfer from reserve	(82,315)	0	(68,639)
	<u>490,257</u>	<u>569,075</u>	<u>557,767</u>
(q) Tourism reserve			
Opening balance	56,740	70,000	0
Amount set aside / transfer to reserve	351,506	12,430	256,740
Amount used / transfer from reserve	0	0	(200,000)
	<u>408,246</u>	<u>82,430</u>	<u>56,740</u>
(r) Unspent Grant reserve			
Opening balance	67,046	67,046	1,654,877
Amount set aside / transfer to reserve	438,766	0	25,000
Amount used / transfer from reserve	(54,306)	(25,000)	(1,612,831)
	<u>451,506</u>	<u>42,046</u>	<u>67,046</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (Continued)			
(s) Youth Development reserve			
Opening balance	62,162	75,429	5,242
Amount set aside / transfer to reserve	11,650	12,600	256,920
Amount used / transfer from reserve	0	0	(200,000)
	<u>73,812</u>	<u>88,029</u>	<u>62,162</u>
 TOTAL RESERVES	 <u>5,472,915</u>	 <u>3,044,690</u>	 <u>4,443,038</u>
 Total Opening balance	 4,443,038	 4,381,732	 6,301,727
Total Amount set aside / transfer to reserve	1,961,730	820,836	1,027,236
Total Amount used / transfer from reserve	(931,853)	(2,048,339)	(2,885,925)
TOTAL RESERVES	<u>5,472,915</u>	<u>3,154,229</u>	<u>4,443,038</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.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

- (a) Leave reserve**
 - to be used to fund Long Service Leave requirements. Council approves the fixing of this Reserve to the level of Long Service Leave Reserve to the level of liability, recognised as at the 30th June each year, totalling the combined balance of the Current and Non-Current Long Service Leave Liability.
- (b) Airport reserve**
 - to be used for the upkeep and any major upgrade works to the Southern Cross Airport.
- (c) Building reserve**
 - to be used for major construction and improvements to Council's Buildings.
- (d) Community Bus reserve**
 - to provide a conduit Reserve for the proceeds from the hire of the Yilgarn Community Bus.
- (e) Computer Hardware & Software reserve**
 - to be used to provide funds for the future management of Council's computer systems.
- (f) Health Services reserve**
 - to be used to fund and maintain the Health Service GP practice and associated assets in Southern Cross.
- (g) Home for the Aged reserve**
 - to be used as a conduit for the placement of rental income from all twelve units, providing funding for future redevelopment works at this facility.
- (h) HVRIC reserve**
 - to provide adequate disclosure of funds received under the HVRIC and the relevant roads that funds are to be expended on.

**SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

11. RESERVES - CASH BACKED (Continued)

- (i) ICT & Furniture Equipment reserve
 - to be used to provide funds for the future of the Council's computer systems and furniture and equipment.
- (j) Land Development reserve
 - to be used for the acquisition of land in the Southern Cross townsite for future expansion of the town.
- (k) Mt Hampton/Dulyalbin Water Supply reserve
 - to be used to fund future maintenance works at the Mt Hampton Dam and Dulyalbin Water Supply Tank via annual contributions from the sale of water from these facilities.
- (l) Museum reserve
 - monies held on behalf of the Yilgarn History Museum for their purpose and use as required.
- (m) Plant replacement reserve
 - to be used for the purchase of major plant.
- (n) Recreation Facility reserve
 - to be used to fund any major projects relating to Recreation within the community.
- (o) Refuse Disposal reserve
 - to be used to meet future costs of major works to be carried out at Refuse Disposal Sites within the Shire of Yilgarn. Funds held in this Reserve will provide a buffer in the event of an emergency, where a a substantial, catastrophic or undesired Refuse Disposal incident was to occur and could not be accommodated within the confines of Council's facilities.
- (p) Sewerage reserve
 - to be used to fund any major maintenance or future construction works required for the Southern Cross Sewerage and Marvel Loch Effluent Waste Water Schemes
- (q) Tourism reserve
 - to be used to fund tourism in the Yilgarn District.
- (r) Unspent Grant reserve
 - to provide adequate record keeping and disclosure of tied grants received, the source of funds and related expenditure.
- (s) Youth Development reserve
 - to be used to fund the development of Youth in the Yilgarn District.

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS	2015	2014
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:	\$	\$
(a) Land and buildings		
Opening balance	10,549,173	10,549,173
Revaluation increment	181,682	0
Revaluation decrement	0	0
	<u>10,730,855</u>	<u>10,549,173</u>
(b) Furniture & Equipment		
Opening balance	39,253	39,253
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>39,253</u>	<u>39,253</u>
(c) Plant & Equipment		
Opening balance	707,586	707,586
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>707,586</u>	<u>707,586</u>
(d) Roads		
Opening balance	186,892,316	0
Revaluation increment	0	186,892,316
Revaluation decrement	0	0
	<u>186,892,316</u>	<u>186,892,316</u>
(e) Footpaths		
Opening balance	1,965,378	0
Revaluation increment	0	1,965,378
Revaluation decrement	0	0
	<u>1,965,378</u>	<u>1,965,378</u>
(f) Drainage		
Opening balance	75,536,320	0
Revaluation increment	0	75,536,320
Revaluation decrement	0	0
	<u>75,536,320</u>	<u>75,536,320</u>
(g) Refuse Site		
Opening balance	645,894	0
Revaluation increment	0	645,894
Revaluation decrement	0	0
	<u>645,894</u>	<u>645,894</u>
(h) Sewerage		
Opening balance	8,107,157	0
Revaluation increment	0	8,107,157
Revaluation decrement	0	0
	<u>8,107,157</u>	<u>8,107,157</u>
(i) Parks & Ovals		
Opening balance	346,626	0
Revaluation increment	0	346,626
Revaluation decrement	0	0
	<u>346,626</u>	<u>346,626</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>284,971,385</u></u>	<u><u>284,789,703</u></u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>6,778,972</u>	<u>3,178,584</u>	<u>4,876,933</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(81,173)	372,762	(1,844,902)
Non-cash flows in Net result:			
Depreciation	5,263,141	3,339,400	3,260,792
(Profit)/Loss on sale of asset	51,943	74,647	119,272
Loss on revaluation of fixed assets	0	0	699,091
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	109,214	98,300	(283,325)
(Increase)/Decrease in inventories	7,692	2,050	(30,802)
Increase/(Decrease) in payables	97,527	101,925	(470,276)
Increase/(Decrease) in provisions	(111,614)	6,000	62,092
Grants contributions for the development of assets	(1,640,856)	(2,241,056)	
Net cash from operating activities	<u>3,695,874</u>	<u>1,754,028</u>	<u>1,511,942</u>
(c) Undrawn Borrowing Facilities	2015		2014
Credit Standby Arrangements	\$		\$
Credit card limit	15,000		10,000
Total amount of credit unused	<u>15,000</u>		<u>10,000</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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

	2015	2014
	\$	\$
Governance	2,091,056	1,027,094
General purpose funding	51,235	379,120
Law, order, public safety	2,369,765	1,928,982
Health	727,310	636,273
Education and welfare	2,970,701	3,036,702
Housing	4,038,007	4,086,125
Community amenities	87,041,051	87,743,566
Recreation and culture	14,194,134	12,685,678
Transport	233,969,420	236,062,599
Economic services	1,162,450	1,185,865
Other property and services	3,967,263	3,925,929
Unallocated	695,904	493,941
	<u>353,278,296</u>	<u>353,191,874</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	3.88	2.34	1.67
Asset sustainability ratio	0.61	0.66	1.25
Debt service cover ratio	N/A	N/A	72.36
Operating surplus ratio	(0.29)	(0.60)	0.03
Own source revenue coverage ratio	0.52	0.53	0.47

The above ratios are calculated as follows:

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

Notes:

(a) Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 58 of this document.

(b) For 2015, the Current and Operating Surplus ratios as disclosed above were 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 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 first 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).

(d) For 2013,

(i) The effect of FAGs advance payment in 2013 was negligible as it had also occurred in the previous year. In effect, four quarterly payments were received in both years so it was not considered necessary to calculate and disclose the effect of any distortion as it was not considered significant.

(ii) The debt Service Cover and Operating Surplus ratios as disclosed above were all distorted by an item of significant revenue totalling \$1,287,416 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations. (Refer to note 1(f) 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:

	2015	2014	2013
Current Ratio	1.92	4.12	1.67
Debt Service Cover Ratio	N/A	N/A	44.39
Operating Surplus Ratio	(0.46)	(0.31)	(0.20)
Own Source Revenue Ratio	0.52	0.56	0.47

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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:

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Police Licensing	0	691,741	(686,057)	5,684
Builders Levy (BCITF)	3,201	378	0	3,579
Transwa Bookings	3,187	21,654	(21,435)	3,405
Staff Personal Deductions	24,000	25,961	(23,458)	26,503
Housing Tenancy Bonds	9,010	2,020	(600)	10,430
Hall Hire Bonds	2,262	1,530	(1,462)	2,330
Security Key System	1,680	50	(250)	1,480
Skeleton Weed	35,877	41,361	(31,145)	46,093
Community Groups	13,371	70	(1,500)	11,941
Rates Overpaid	4,569	6,050	(4,110)	6,509
Third Party Contributions	5,628	0	0	5,628
Medical Services Provision	35,093	50,000	(28,000)	57,093
YBTC Sinking Fund	6,666	6,666	0	13,332
Dump Point	23	69	0	92
	<u>144,567</u>			<u>194,099</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Law, order, public safety						
P5128 - Bodallin 2.4 Truck	0	2,170	0	2,170	0	0
P5129 - Marvel Loch 2.4 Truck	0	2,170	0	2,170	0	0
Transport						
YL5199 - Grader	129,181	132,845	85,000	70,000	(44,181)	(62,845)
YL129 - Roller	34,323	34,291	38,000	40,000	3,677	5,709
YL645 - Mechanics Ute	45,800	49,057	32,064	25,000	(13,736)	(24,057)
Executive Sedan - CEO	24,959	26,548	27,273	32,000	2,314	5,452
Executive Sedan - Manager Health & Building	15,173	18,378	17,154	18,500	1,981	122
Utility - Works Supervisor	44,975	46,028	42,977	47,000	(1,998)	972
	<u>294,411</u>	<u>311,487</u>	<u>242,468</u>	<u>236,840</u>	<u>(51,943)</u>	<u>(74,647)</u>
				Profit	7,972	12,255
				Loss	(59,915)	(86,902)
					<u>(51,943)</u>	<u>(74,647)</u>

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire did not have any debentures as at 30 June 2015.

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire does 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 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates		Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE												
Differential general rate / general rate												
Gross rental value valuations												
Townsite (Residential/Industrial)		0.1038	415	3,081,880	319,899	(8,223)	0	311,676	320,309	0	0	320,309
Commercial		0.0710	33	1,059,448	75,221	(6,036)	0	69,185	75,902	0	0	75,902
Minesite		0.4001	14	165,868	66,364	(15,585)	0	50,779	29,539	0	0	29,539
Single Persons Quarters		0.4001	8	3,239,062	1,295,949	(249,401)	0	1,046,548	643,498	0	0	643,498
Unimproved value valuations												
Rural		0.0174	407	85,961,626	1,495,732	(12,773)	0	1,482,959	1,498,586	0	0	1,498,586
Mining		0.2114	402	7,015,738	1,483,127	(126,076)	0	1,357,051	1,487,511	0	0	1,487,511
Sub-Totals			1,279	100,523,622	4,736,292	(418,094)	0	4,318,198	4,055,345	0	0	4,055,345
Minimum payment		Minimum \$										
Gross rental value valuations												
Townsite (Residential/Industrial)		365	101	82,689	36,865	0	0	36,865	36,500	0	0	36,500
Commercial		365	7	19,839	2,555	0	0	2,555	2,555	0	0	2,555
Minesite		365	4	1,280	1,460	0	0	1,460	1,460	0	0	1,460
Single Persons Quarters		365	1	400	365	0	0	365	365	0	0	365
Unimproved value valuations												
Rural		365	38	327,735	13,870	0	0	13,870	13,870	0	0	13,870
Mining		365	340	254,041	124,100	(3,233)	0	120,867	131,765	0	0	131,765
Sub-Totals			491	685,984	179,215	(3,233)	0	175,982	186,515	0	0	186,515
Ex-gratia rates								4,494,180				4,241,860
Discounts/concessions (refer note 25)								27,715				27,715
Total amount raised from general rate								(142,917)				(112,000)
Specified Area Rate (refer note 23)								4,378,978				4,157,575
Totals								0				0
								4,378,978				4,157,575

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

(b) Information on Surplus Brought Forward

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus 1 July 14 brought forward	<u>1,422,228</u>	<u>665,993</u>	<u>665,993</u>
<u>Comprises</u>			
Cash and cash equivalents			
Unrestricted	1,306,056	433,895	433,895
Restricted	5,472,915	4,443,038	4,443,038
Receivables			
Rates outstanding	343,381	379,120	379,120
Sundry debtors	196,852	273,716	273,716
GST receivable	134,886	52,854	52,854
Loans - clubs/institutions	6,000	6,000	6,000
Accrued Income	1,500	15,876	15,876
less Provision for Doubtful Debts	(113,073)	(43,674)	(43,674)
Inventories			
Fuel and materials	47,923	55,615	55,615
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(105,643)	(17,104)	(17,104)
Accrued Expenses	(9,560)	0	0
Accrued salaries and wages	0	(79,567)	(79,567)
ATO Liability	(130,408)	(50,970)	(50,970)
ESL Liability	0	(443)	(443)
Provisions			
Provision for annual leave	(223,967)	(324,568)	(324,568)
Provision for long service leave	(229,036)	(236,678)	(236,678)
Net current assets	<u>6,697,826</u>	<u>4,907,110</u>	<u>4,907,110</u>
<u>Less:</u>			
Reserves - restricted cash	(5,472,915)	(4,443,038)	(4,443,038)
Loans - Clubs/Institutions	(6,000)	(6,000)	(6,000)
<u>Add:</u>			
Component of Leave Liability not required to be funded.	203,317	207,921	207,921
Surplus	<u>1,422,228</u>	<u>665,993</u>	<u>665,993</u>

Difference

There was no difference between the surplus 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus carried forward position as disclosed in the 2014 audited financial report.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rate.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any Service Charges.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	142,917	112,000
			142,917	112,000

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	N/A	70,912	39,500
Interest on instalments plan	5.50%	N/A	9,231	500
Charges on instalment date	N/A	N/A	8,970	8,000
			89,113	48,000

Ratepayers had the option of paying rates in four equal instalments, due on 10th September 2014, 4th November 2014, 9th January 2015 and 13th March 2015. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2015 \$	2014 \$
Governance	0	14,032
General purpose funding	10,290	0
Law, order, public safety	4,755	6,204
Health	95	1,400
Education and welfare	93,543	101,828
Housing	42,412	47,785
Community amenities	465,459	477,032
Recreation and culture	15,719	23,505
Transport	447	7,054
Economic services	244,696	27,874
Other property and services	161,196	296,946
	<u>1,038,612</u>	<u>1,003,660</u>

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	3,398,584	1,566,674
Non-operating grants, subsidies and contributions	1,640,856	1,413,504
	<u>5,039,440</u>	<u>2,980,178</u>
By Program:		
General purpose funding	2,838,834	849,423
Law, order, public safety	11,908	81,556
Health	3,636	16,591
Education and welfare	54,004	121,357
Community amenities	1,250	500
Recreation and culture	60,866	18,075
Transport	1,474,469	1,661,116
Economic services	593,539	193,882
Other property and services	934	37,678
	<u>5,039,440</u>	<u>2,980,178</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>40</u>	<u>40</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	16,874	23,216	23,900
President's allowance	7,000	7,000	6,750
Deputy President's allowance	1,750	1,750	1,688
Travelling expenses	6,478	7,000	7,504
	<u>32,102</u>	<u>38,966</u>	<u>39,842</u>

31. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2014/15 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015 \$	2014 \$	2015 \$	2014 \$
Financial assets				
Cash and cash equivalents	6,778,972	4,876,933	6,778,972	4,876,933
Receivables	620,781	741,995	620,781	741,995
	<u>7,399,753</u>	<u>5,618,928</u>	<u>7,399,753</u>	<u>5,618,928</u>
Financial liabilities				
Payables	245,611	148,084	245,611	148,084
	<u>245,611</u>	<u>148,084</u>	<u>245,611</u>	<u>148,084</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 2015

33. 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.

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	58,785	69,663
- Statement of Comprehensive Income	58,785	69,663

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 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	97.33%	93.79%
- Overdue	2.67%	6.21%

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables

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 is set out in the Liquidity Sensitivity Table below:

	<u>2015</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
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>
	<u>2014</u>				
Payables	148,084	0	0	148,084	148,084
	<u>148,084</u>	<u>0</u>	<u>0</u>	<u>148,084</u>	<u>148,084</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 2015, 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 2015 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 58 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

Signed at Perth this 14th day of December 2015

**SHIRE OF YILGARN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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

	2015	2014	2013
Asset consumption ratio	0.99	0.99	0.65
Asset Renewal funding ratio	1.31	1.29	1.28

The above ratios are calculated as follows:

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