

# 2016/2017 ANNUAL REPORT



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### Shire of Wagin

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Tel: (08) 9861 1177 Fax: (08) 9861 1204

### Shire Statistics

Population	1,998
Number of Electors	1,295
Number of Dwellings	947
Distance from Perth (km)	228
Area (sq km)	1,956
Suburbs and Localities	Piesseville, Wagin
Length of Sealed Roads (km)	192
Length of Unsealed Roads (km)	606
Rates Income	\$2,138,200
Total Revenue	\$8,043,699
Council Employees	36

### Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Norring Lake, Heritage Walk Trail, Puntapin Rock and Mount Latham.

### Local Industries

Sheep, Wool, Grains, Hay, Seed Working/Oat Milling, Engineering, Manufacturing and Extractive Industries.

### Significant Local Events

Wagin Woolorama – Incorporates the State Sheep Show and Rodeo, Australia Day Breakfast – in Wetlands Park, Foundation Day Celebration – at Wagin Historical Village including the Vintage Car Club Rally, Christmas Street Carnival, Two Wheels to Wagin, Gymkhanarama and the Wagin Burnouts.



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Norring Lake after the February Rains

## GENERAL INFORMATION

### Council's Community Strategic Vision

To live in a community where individuals, families and businesses can invest and prosper, preserving the traditional safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

### Council's Mission and Philosophy

To be a community focused Local Government providing progressive and innovative leadership that builds a sustainable future for the region while supporting the vibrant and caring community, and developing as a country centre of the future with an economy built on environmental sustainability principles.

### Council's Guiding Values

- Governance and Leadership
- Honesty and Integrity
- Innovation and Creativity
- Community Focused
- Environmentally Aware



Wagin Citizens of the Year - Arthur and Wendy Pederick

## Your Elected Members

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30 June 2017 are -

### **Cr P J (Phillip) Blight – Shire President**

Elected to office in 1992, Retiring 2019

- Finance & General Purposes Committee
- WALGA Central Zone Committee
- Roadwise/LEMC & Safer WA Committee
- Land Conservation District Committee
- Economic Development Advisory Committee
- Civic Awards Committee
- Audit Committee
- CEO Review Committee
- Woolorama Committee (Proxy)
- Airport Development Committee
- Tourism & Promotion Committee
- Bushfire Advisory Committee

### **Cr J L C (Lachlan) Ballantyne – Deputy Shire President**

Elected to office in 2005, Retiring 2017

- Finance & General Purposes Committee
- Asset Management Committee
- Airport Development Committee
- Audit Committee
- Reconciliation Action Plan Committee
- Waste Management & Recycling Committee

### **Cr C J (Cliff) Brockwell**

Elected to office in 2012, Retiring 2017

- Asset Management Committee
- Waste Management & Recycling Committee
- CEO Review Committee
- Townscape Enhancement Committee
- Airport Development Committee

### **Cr I C (Ian) Cumming**

Elected to office in 1990, Retiring 2017

- Works & Services Committee
- Cottage Homes Committee
- Airport Development Committee

### **Cr G T (Gerard) Hegarty**

Elected to office in 2009, Retiring 2017

- Works & Services Committee
- Waste Management & Recycling Committee
- Townscape Enhancement Committee
- Asset Management Committee

**Cr A J (Amanda) Howell**

Elected to office in 2013, Retiring 2017

- Sportsground Advisory Community Centre Management Committee
- Parents & Citizens Association
- Roadwise / LEMC & Safer WA Committee
- Development Assessment Panel (Proxy)

**Cr J P (Jason) Reed**

Elected to office in 2013, Retiring 2017

- Works & Services Committee
- Finance & General Purposes Committee
- Audit Committee
- Community Centre Committee
- Wagin/Woodanilling Landcare Zone
- Economic Development Advisory Committee
- Historical Village Committee
- Frail Aged Homes Committee/Waratah
- Waste Management & Recycling Committee
- Lakes Sub – Regional Road Group

**Cr R C (Ron) Walker**

Elected to office in 2011, Retiring 2019

- Works & Services Committee
- Finance & General Purposes Committee
- Audit Committee
- Development Assessment Panel (Proxy)
- Townscape Enhancement Committee
- Sportsground Advisory Community Centre Management Committee
- Waste Management & Recycling Committee
- School Bus Committee
- WALGA Central Zone Committee (Proxy)
- Great Southern Regional Waste Group
- Woolorama Committee
- Bushfire Advisory Committee
- Asset Management Committee
- Lakes Sub – Regional Road Group
- School Bus Committee
- Economic Development Advisory Committee
- 4WDL Regional Group

**Cr G K B (Geoff) West**

Elected to office in 2009, Retiring 2019

- Works & Services Committee
- Community Bus Committee
- Tourism & Promotion Committee
- Historical Village Committee
- Asset Management Committee
- Development Assessment Panel
- Townscape Enhancement Committee
- Airport Development Committee
- Cottage Homes Committee
- Community Resource Centre Management Committee

**Cr D C (Dale) Lloyd**

Elected to office in 2011, Retiring 2019

- Finance & General Purposes Committee
- Audit Committee
- WALGA Central Zone
- Roadwise / LEMC & Safer WA Committee
- CEO Review Committee
- Economic Development Advisory Committee

Elections are held biennially on the second Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the fourth Tuesday of each month except in January where no meeting is planned. All ordinary Council meetings commence at 7.00pm. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website [www.wagin.wa.gov.au](http://www.wagin.wa.gov.au).

**Management**

Chief Executive Officer  
Deputy Chief Executive Officer  
Manager of Finance  
Manager of Works  
Environmental Health Officer  
& Building Surveyor

Peter Webster  
Brian Roderick  
Tegan Hall  
Allen Hicks

Gordon Tester

Auditor

Butler Settineri  
Unit 16, First Floor  
Spectrum Offices  
100 Railway Road (Cnr Hay Street)  
Subiaco WA 6008

Bank

National Australia Bank  
Tudor St  
Wagin WA 6315



Wagin Cottage Homes Units - Stage 3



## SHIRE PRESIDENT'S REPORT

It is with great pleasure that I present to you, the Shire of Wagin's Annual Report for the year 2016/2017.

Councillors and staff have worked diligently through out the year to provide for the needs of the community whilst continuing to plan for the long term future of the Shire.

Council continues to work with its neighbouring local government authorities; the 4WDL partnership with the Shires of Williams, West Arthur, Woodanilling, Dumbleyung and Lake Grace continues to flourish. The Well-Aged Housing project between the six shires continues to be a shining light in the sector. The Shire has completed its third lot of funded units which is now under the management of the Wagin Cottage Homes.

Council again has been active over the last year to accommodate our thriving community. Our aim is to maintain and improve its facilities both in the town site and rural areas.

Significant projects and achievements during 2016/2017 were:

- Undertaking and completion of an extensive capital road works program
- Undertaking and completion of an extensive footpath and kerbing program
- Completion of the third stage of the Well-Aged/Cottage Homes development
- New Cricket Practice Nets
- New Airstrip Hangar for aircraft maintenance facility/business
- Installation of air-conditioning system at the Recreation Centre
- Upgrades to major plant items
- New Swimming Pool BBQ area
- New Swimming Club shed facility
- Upgrades to Council's CCTV Network
- Installation of Solar Panels to Council buildings

Council assisted the Wagin Agricultural Society hold another very successful Woolorama and we also provided assistance to many community and sporting club events throughout the year. This included Anzac Day, Australia Day breakfast, Gymkhanarama and Two Wheels to Wagin. The Shire held a BBQ at the Eric Farrow Pavilion for all community and club volunteers, it was very appropriate that the Shire acknowledged the many volunteers in the Wagin Shire that give up an enormous amount of time for the community.

A Sister City relationship was formed with the City of Goulburn Malwaree in New South Wales. This came about through the Wagin Giant Ram and the Goulburn Big Ram. The Mayor and General Manager of Goulburn Malwaree visited Wagin in March to open Woolorama and officially sign the Sister City Agreement.

The Shire of Wagin remains in a sound financial position with good reserve levels and low debt levels, however we will continue to undertake extensive financial planning to maintain community service levels and Council's extensive infrastructure and asset network. A significant review of Council's Community Strategic / Corporate Business Plan will take place next financial year; this review will be paramount in achieving the Shire's long-term strategic goals.

I would like to take this opportunity to thank my fellow Councillors, Senior Management, Staff and Volunteers for their hard work and dedication to the Shire of Wagin.

**Cr Phillip Blight**  
**Shire President**



## CHIEF EXECUTIVE OFFICER'S REPORT

It is with pleasure that I present the 2016/2017 Annual report for the Shire of Wagin.

The 2016/2017 Annual Budget was adopted by Council at a special meeting in August 2016. This incorporated an overall increase in rates of 4%. Council retained the option offering a 5% discount for rates paid in full within 35 days of being issued and this again proved popular.



### ECONOMIC DEVELOPMENT

During the year under review a number of significant developments occurred in Wagin. These included:-

- CBH – Continued to expand at their site with some extensions being undertaken during this period.
- Airport – Council has been approached by a Licenced Aircraft Mechanical Engineer (LAME) about setting up in Wagin. Council have constructed a hanger for this LAME and he has signed a lease for the building.
- Aged Care Units – Four (4) more aged units were completed during the year bringing the total number of aged units constructed under the 4WDL group to twelve (12).

### WASTE MANAGEMENT

Council still continues to work on this issue. The current waste removal tender expires in June 2018. In an effort to reduce waste to landfill, a green waste bin will be introduced in July 2018 and skip bins will be used from early 2018 to dump waste.

A resurvey of Wagin's current waste site has found that there is approximately 20 – 25 years life left at this present site, however, Council will be working to reduce landfill in an effort to prolong the life of the existing site.

### FUTURE

There are many issues that the Council will need to consider/address over the coming years. Some of these include:

- Heavy Vehicle movements within and around the Shire of Wagin
- Development of a Rural Planning Strategy
- Upgrade and expansion of Airport facilities
- Strategic Community Plan & Corporate Plan
- Recreation Precinct Plan

Any community comment on these issues or any other issue that residents wish to raise would be welcomed.

### SHIRE STAFF

The turnover of Council staff, both inside and outside, has been minimal during the year under review with only 2 people leaving the Shire's employment. We also welcomed Braeden Sprigg as the Shire's 2017 Administration Trainee.

## CONCLUSION

Council has received a good Audit Report for the period under review, however, caution is needed as the situation could change quickly if not monitored carefully.

I continue to enjoy my work in Wagin and believe that there is a real challenge for all residents of the Shire to progress the area. I see enormous potential for the community, Shire, and local business to work hand in hand to ensure the long-term future of this area.

I would like to take this opportunity to thank Council for their dedication and work that they have put in during the period under review and specially acknowledge the work throughout the year by Shire President, Cr Phillip Blight. I would also like to thank Senior Staff - Brian Roderick, Allen Hicks and Tegan Hall for their work effort and input into helping to manage this Shire.

I would also like to acknowledge the other staff both inside and outside whose hard work and dedication also needs special mention.

**Peter Webster**  
**Chief Executive Officer**



Signing of Sister City Agreement with the City of Goulburn  
Mulwaree

## CORPORATE SERVICES REPORT

## ANNUAL FINANCIALS AND AUDIT REPORT

Council's Annual Financial Report for 30 June 2017 was audited by Marius van der Merwe of Butler Settineri. A copy of the Annual Financial Report and Audit Report is tabled later in this report.

## FREEDOM OF INFORMATION ACT

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2016/2017 no applications were received for information under the terms of this legislation.

## EMPLOYEE REMUNERATION

Set out below is, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more –

	2016/2017	2015/2016
Salary Range \$100,000 - \$110,000	1	0
Salary Range \$140,000 - \$149,999	1	1

## OTHER STAFF SALARIES AND NUMBERS

Salary Range	Number
\$10,000 - \$ 50,000	18
\$ 50,001 - \$ 75,000	18
\$ 75,001 - \$100,000	2

## Staff numbers are as follows:-

Inside / Pool / Rec	11 full time 4 permanent - part time 1 trainee 2 casual
Outside Staff/Cleaner	14 full time 3 permanent – part time 2 casual
HACC	3 permanent - part time 14 casual
<b>Total</b>	<b>56</b>

## NATIONAL COMPETITON POLICY

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

### **Competitive Neutrality**

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest. A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

*In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.*

### **Legislative Review**

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The Annual Report is to include a statement of which local laws have been reviewed; the conclusions of those reviews and a forward strategy for all local laws are still to be reviewed.

*No new Local Laws were created in 2016/2017 or any existing Local Laws reviewed.*

The Shire of Wagin did not privatise any activities in 2016/2017 consequently there were no obligations to report in this area.

### **State Records Act 2000**

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

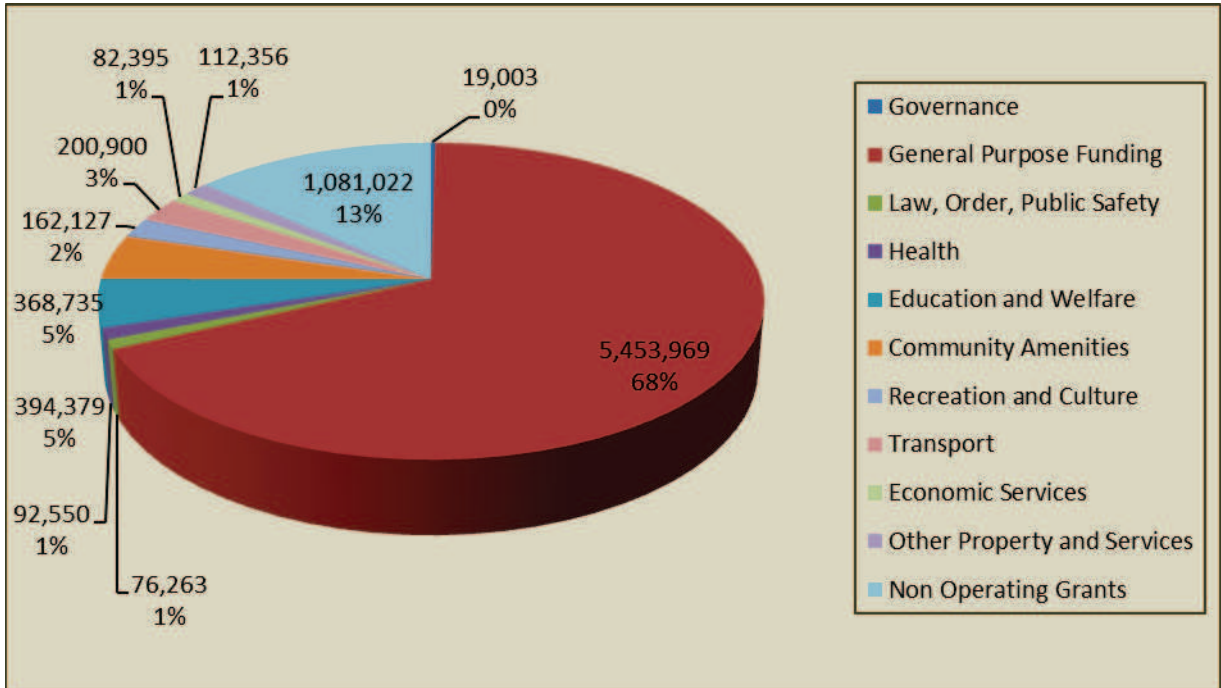
The Shire of Wagin Record Keeping Plan was endorsed by the Commission during 2003/2004. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009. In 2014/2015 a further area off site was established to hold records in an effort to keep the Administration Centre clear of storage.

Council's Administration Officer – Records and Executive Assistant is delegated the task of maintaining the filing and record system of the shire and attend appropriate training courses and seminars to help build skills and knowledge of this function. Council is also guided by its Record Keeping Plan to maintain compliance with the State Records Commission. This plan is reviewed every five years with the next review to take place during 2017/2018.

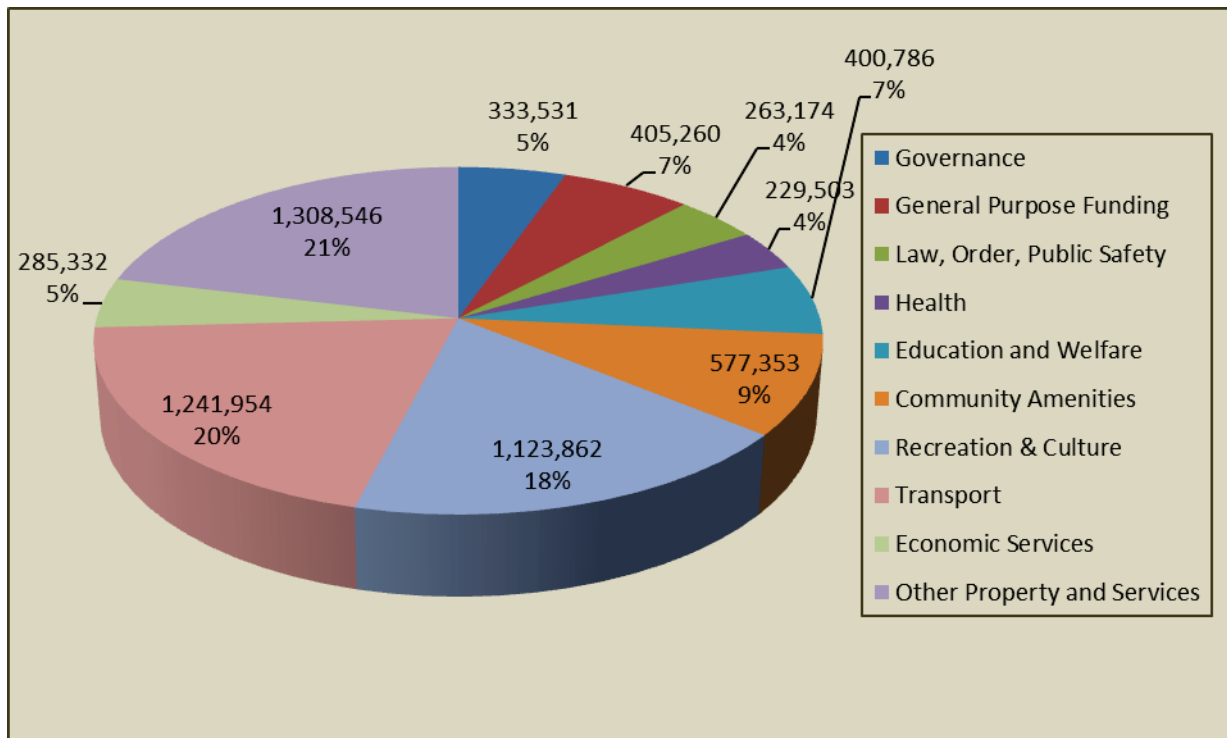
### **Equal Opportunity**

The Shire of Wagin is committed to providing a workplace where every individual is treated with respect in an environment free of discrimination. In 2013/2014 the Shire adopted a Staff Equity and Diversity Framework outlining its obligations and expectations under the Western Australian Equal Opportunity Act 1984.

TOTAL OPERATING INCOME BY PROGRAM



TOTAL OPERATING EXPENDITURE BY PROGRAM



## INTEGRATED PLANNING AND REPORTING FRAMEWORK

### Community Strategic Plan and Corporate Business Plan

Council adopted its Community Strategic Plan and Corporate Business Plan in July 2013, there was a minor review completed in April 2016 and a major review of the plans will be carried out in 2017/2018.

These plans meet all regulatory requirements and now provide Council with a strategic direction and blueprint by which the Council will operate into the future.

The plans were developed and finalised after an extensive period of community engagement and consultation, the following 5 key areas of importance, concern and aspiration were identified from community feedback:

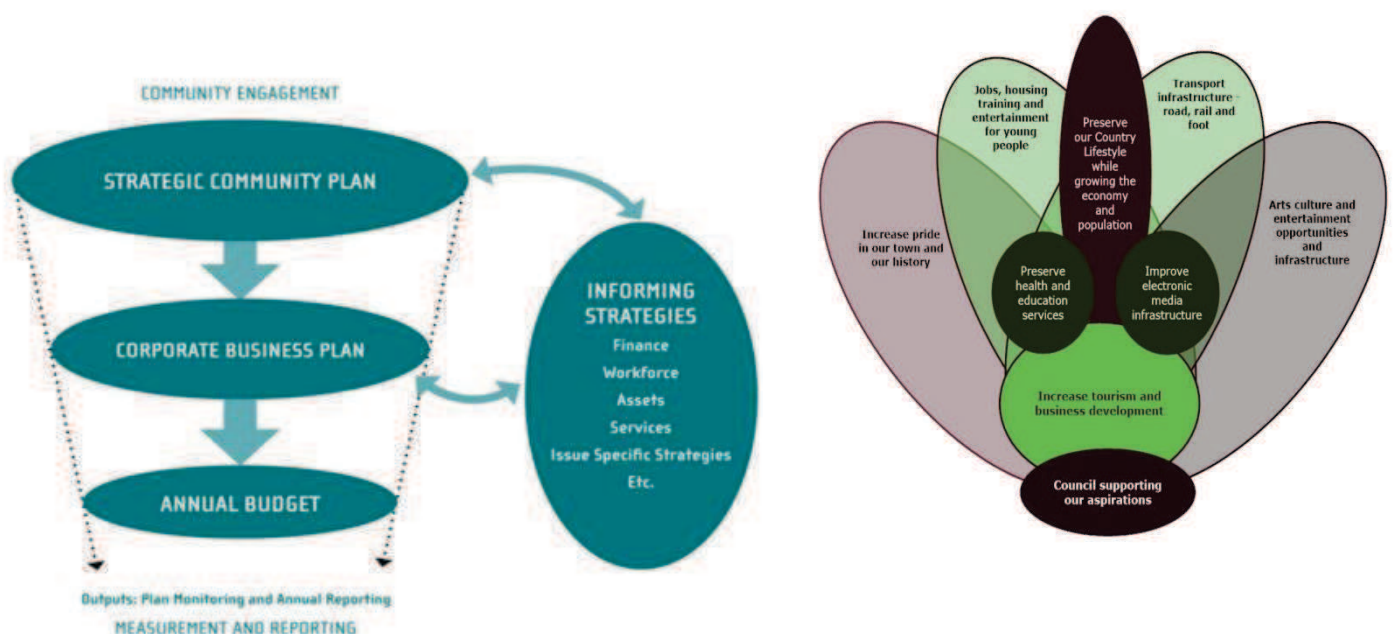
- Economic Development
- Buildings and Infrastructure
- Community Services and Social Environment
- Town and Natural Environment
- Council Leadership

These key areas will guide Council's decision making and service development as Council plans for the future.

A number of other plans were developed to support the Community Strategic Plan and are an integral part of the Integrated Planning and Reporting Framework. These include:

- An Integrated Workforce Plan
- A 10 Year Long Term Financial Plan
- A Building and Structures Asset Management Plan
- A Roads and Bridges Asset Management Plan

### Integrated Planning and Reporting Framework Community Engagement Outcomes



## Community Strategic Plan Key Results Areas

1. Economic Development	2. Buildings and Infrastructure	3. Community Services and Social Environment	4. Town and Natural Environment	5. Council Leadership
1.1 Increase in the number and diversity of businesses in the town and district.	2.1 Greater care and restoration or preservation of heritage buildings.	3.1 Keep the family friendly country lifestyle, community spirit, safe community with low crime rate.	4.1 Look after natural environment and trees.	5.1 Support and incentives for more businesses and retail opportunities.
1.2 Support more job/training opportunities, especially for young people.	2.2 Improvement in condition and appearance of the main streets of the Town, with improved facility signage in the town site.	3.2 Housing, jobs and training especially for young people.	4.2 Cleanliness of the shop fronts and footpaths.	5.2 Diversity of Shire communication channels with community.
1.3 Increase tourism and increase in promotion of town and heritage.	2.3 Improve footpaths in areas away from the school and main shopping areas.	3.3 Youth focus on services and recreation development including coordination of effort across the Shire / region.	4.3 Improve town entry statements.	5.3 Plan services and activities based on sustainability, affordability and resources.
1.4 Broadband and other associated electronic media infrastructure- New NBN Network	2.4 More infrastructure to support arts, culture and entertainment.	3.4 Retain the school and hospital and grow health, Doctor services, allied health and aged care services.	4.4 Improve main street appearance to encourage travellers and tourists to stop.	5.4 Encourage more volunteering.
1.5 Make available low cost industrial and business land and accommodation.	2.5 Improve road conditions on all Shire and State roads.	3.5 More diversity and quality in food outlets and more retail businesses.	4.5 Better ambience around the caravan park.	5.5 Work to improve appearance of the town.
1.6 Encourage more state government services in Wagin.	2.6 Explore heavy vehicle movements through the town site.  2.7 A safe fenced playground for children in a park environment	3.6 Foster & support Woolorama and consider other events, cultural and other entertainment opportunities.	4.6 More green passive recreation areas and better management of bush ones.	5.6 Greater focus on economic development.
1.7 Support and Promote Wagin as a business opportunity.	2.8 Secure identified key land In the town.	3.7 Provide & support more community resources and facilities as required.	4.7 Improved waste management in town & Shire.	5.7 Be responsive to community aspirations.



New Wagin Community Bus



## COMMUNITY SERVICES REPORT

## TOWNSCAPE

The Townscape Committee has again been active during the reporting year with a number of townscape initiatives and projects completed.



Alexander Galt's Historic Drink Fountain



Shire Boundary Signs

This included the continuation of the new arch-framed directional signage panels, new Shire boundary signs and upgrade of the Alexander Galt Historical Drink Fountain.

The Shire, through the Townscape Enhancement Committee, adopted a new Street Tree policy and will now embark on tree planting program on identified streets throughout the townsite. The Committee also extended the Christmas lights across the main street from the old Buttericks building to the corner of the IGA.

## HEALTH AND AGED CARE



Senior's Christmas Lunch

Home and Community Care (HACC) services for the financial year 2016/2017 saw 80 plus clients from Wagin and West Arthur receive services.

HACC held a very successful Seniors Christmas Lunch, this proved very popular with the elderly in Wagin with some 106 people in attendance.

Centre Based Daycare was again well attended throughout the year, held Monday fortnightly, many clients enjoyed activities, refreshments and a chance to interact.

The HACC staff and volunteers need to be acknowledged for the outstanding work they do with aged people here in Wagin.

## ASSET MANAGEMENT

Staff continued to carry out essential maintenance and upgrades on Council's asset base, this maintenance work is essential to ensure the asset continues to service the community well into the future. Council employees a building maintenance officer who carries out preventative, routine and emergency maintenance work on all Shire building assets.

## COMMUNITY EVENTS

### Christmas Street Carnival

2016 Christmas Street Carnival was again held in the main street, it was a great success and well attended by the community. Filled with stalls, music, food outlets and entertainment for the kids it was fantastic family night. Congratulations to the Wagin Action Group and other service groups on a job well done.

### Two Wheels to Wagin

Council again supported the Two Wheels to Wagin Motorcycle Dice Run from Perth to Wagin. The event fundraises and supports suicide prevention and awareness, it was a terrific event and congratulations must go again to organisers Ferret and Locko.



Two Wheels to Wagin

### Ray Ryder Music Night

Saturday the 12<sup>th</sup> of November 2016 Council held a musical fiesta at the Woolorama Shearing shed.

The Concert started with Dana Ballantyne performing an array of songs with Locko as backup. Dana is a brilliant artist and she sang numbers that were popular with the crowd and ensured people danced and sang along. Dana's professionalism was evident in her show, and we would like to congratulate her on a job well done.

Ray Ryder then presented us with an amazing performance from 7.30pm to 9.30pm, with a range of cover songs and originals. Ray's show was lively and very well presented with excellent sound and lighting on what turned out to be a beautiful night. The crowd was very involved in the evening, dancing along to the music – even some boot scooting, and general comments were very happy with the night. After the performance Ray signed autographs for anyone who wanted one, and lots of people bought his album and had it signed.

Ray put on a music workshop the next day at the Eric Farrow, with 10 people attending and all said they found this to be very worthwhile, with some potential musical changes happening in their futures.

### Can You See My Mind Art Exhibition

The Shire of Wagin was very proud to support two young local artists present the very successful Can You See My Mind art exhibition. Megan Henry and Melanie English staged an incredible mixed media art exhibition that centred around mental health. The exhibition was made possible through a grant from Healthways and it was officially opened by Professor Lyn Beasley.

The exhibition was open in Wagin for four weeks before touring around country WA and metropolitan Perth. The number of people that attended the exhibition across the regional and metropolitan venues we estimate to be approximately 3,500.



Artists Melanie English and Megan Henry with former local Member Terry Waldron

Megan and Melanie successfully promoted the message that we need to talk about our mental health and that there should be no stigma attached. They also brought art into our regional communities in a way that is accessible and pertinent to issues that people can relate to.



Can I See Your Mind Art Exhibition

## TOURISM, PROMOTION AND ECONOMIC DEVELOPMENT

The Tourism and Promotion Committee was very active during the reporting year. A new Wagin Tourism brochure was developed and printed and the Committee manned a Shire of Wagin Tourism stand at the Perth Caravan and Camping Show. The stand proved a great success leading to a number of Caravan groups visiting Wagin during the year.

Again we had a number of model jets events at the Wagin Airstrip, the weekend events attract people into the town that leads to valuable dollars spent in the town.



Perth Caravan & Camping Show

The Wagin Agricultural Society held another very successful Woolorama and again Council supporting the event with its work force before, during and after the event.

## WAGIN LIBRARY AND GALLERY

Shire of Wagin Librarian, Stephanie Dimmock, continues to promote and grow the library for the benefit of the community. Stephanie and her staff continue to increase the usage of the library by the community.

The Library, in conjunction with Wagin Early Years Network, has been hosting Rhyme Time and Story Time sessions for pre-school children. This included hosting a National Simultaneous Storytime Event – reading “The cow jumped over the moon”, where the book was read nationally. Stephanie continues to provide library services to Waratah Lodge residents with her weekly visits and is also now writing a regular fortnightly library column in the Wagin Woolpress called Library Lines. The Wagin Library and Gallery

Writers' Group continued to meet each month, the Wagin Book Club meets every fortnight and the Friends of the Wagin Library and Gallery were very active in supporting the Library throughout the year.

The Library held the following Author Events during the reporting period:

Linda Bettenay – author of “The Apple Core Wars”, “Wishes for Starlight” and “Secrets Mothers Keep” – Wednesday the 10<sup>th</sup> of May 2017.

Tony Hughes D’Aeth – author of “Like Nothing On this Earth: A literary History of The Wheatbelt” – Saturday the 29<sup>th</sup> of April 2017.

Rebekah Cumming – local author of “A Year in Daljarn” – Friday the 3<sup>rd</sup> of February 2017.

The Shire trainee has been attending the Library every fortnight to gain experience in working in a Library setting, and gaining wider skills in working with different members of the community.

## SPORT AND RECREATION

### Wagin Swimming Pool

Pool Manager, Jen Bannerman, presided over another very successful pool season with a total of 11,114 entries for the year. This was only slightly down from the previous year, which is a very good result considering the storm damage to the pool and the pool closing early.

Jen should be congratulated for her efforts and dedication this year and her report is below:

We did have a lot of great things happen this year: We were open seven days a week from the start of December school holidays, through to the end of February to encourage the Rottneest swimmers, of which we had 27 participate this season. More kids took up the challenge as well as pushing their parents too.

There were three successful swim carnivals this year: The annual Wagin Twilight, and school carnival. The regionals were also held in Wagin with over 300 participants and spectators attending.

We had more birthday parties held in one season than ever before. It seems to be becoming the popular place to hold the kids specials days. There were four separate Christmas parties held at the pool this season, including the Shires annual party. Unfortunately, due to the weather, the Thank A Volunteer night had to be re-scheduled and held at the Rec Centre.

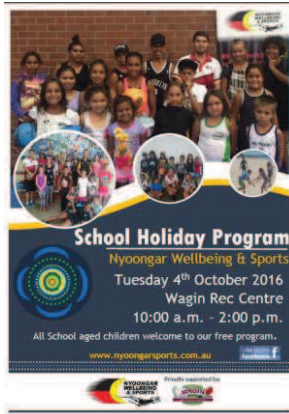
Two new events were tried this season. One, the Wagin swim club held a fund raiser that was a Lapathon. The kids had to swim as many laps as possible within one hour, and get people to sponsor these laps. According to the comments from the kids, it was enjoyed and well done. Two, a movie night was held in conjunction with the states Watch Around Water Day. Walter the Watch Dog came and gave out gifts including balloons, bouncy balls, notepads etc. About 50 people came to watch Free Willy on the big screen whilst floating in the pool or sitting on the edge. Next year – JAWS.

Overall it was another great season. People come from all over and mention how great a facility we have and that “it is worth driving to”. What a great compliment.



Wagin Memorial Swimming Pool

**Wagin Recreation Centre and Sportsground**



The Wagin Recreation Centre again had another solid year with Recreation Centre Manager Kim Hough continuing to provide a range of sports for the community.

Senior men’s basketball made a return to the Recreation Centre and other sports and activities included netball, indoor soccer, badminton, volleyball, tennis, indoor hockey, School sports, and the Noongar sports program. Again it was fantastic to see a number of Wagin Netball games fixtured at the Rec Centre, a number of games were fixtured to coincide with the Wagin Football Club games.

The Wagin Pony Club held another successful Gymkhanama equestrian event at the Wagin Showgrounds. The equestrian event again attracted many riders from all over the state. Congratulations to the Wagin Pony Club on holding the event, Council supported the event with in-kind support from our Shire works staff.

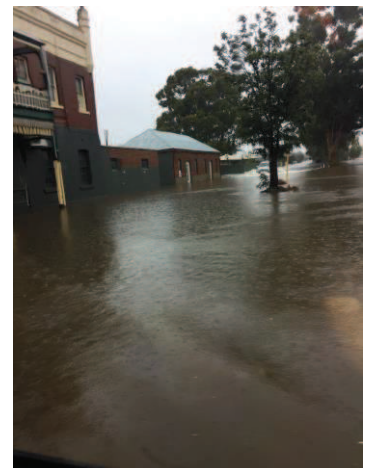


Gymkhanarama

**EMERGENCY MANAGEMENT**

The Shire continues to be active with Emergency Management matters. It was a busy year with a number of bushfire incidents that the Shire was involved with. The Chief Bushfire Control Officer and all his volunteers must be commended for the fantastic job they did.

The Shire also experienced a major flood event in February where 200mm plus of rain fell in a 48 hour period. Again, the SES, volunteers and Shire staff need to be acknowledged for their efforts in what was a very difficult natural disaster event.



February Flood Event



New Footpath

**DISABILITY ACCESS AND INCLUSION PLAN (DAIP)**

The new DAIP yearly review was completed in accordance with legislation. Staff and Council continue to adhere and monitor actions outlined in Council’s DAIP that was completely reviewed in 2016.

Council again completed an extensive footpath upgrade program within the townsite.

## WORKS AND SERVICES REPORT

The Works and Services Division covers a diverse range of functions and service provision and is responsible for the management of the Towns infrastructure assets including roads, footpaths, parks, reserves, stormwater drainage, street trees and cemetery.

### CAPITAL WORKS

Capital Roadwork's form a major portion of the Council's annual budget expenditure. Council has in recent years followed a stringent program of resealing works which is aimed at preserving Council's existing sealed road assets. A Ten Year Road and Plant Replacement Program has been developed for future works. Major works that were completed for this year included:

- Reseals on Bullocks Hills, Dongolocking and Beaufort Roads.
- Gravel Sheeting of Lime Lake West, Dongolocking, Ball, Flagstaff, Norring Delyanine, Heights and Jeffris Roads.
- Other road construction work to Dongolocking, Piesseville Tarwonga, Murdock, Jaloran, Beaufort, and Airfield Roads.
- Council works crew also undertook drainage work on Tudor Street, commenced planning for the Ballaying South Road Bridge and blackspot works on Tavistock Street.
- There was also significant capital upgrades to Council's footpath network and kerbing.



Works Construction Crew

### REFUSE SITE

Work continues to be undertaken at the refuse site with further planning being undertaken during 2016/2017, ie - amalgamation of lots and unmade roadways into the refuse site. The life of the site is now estimated to be 15 – 20 years. Further work will be undertaken in 2017/2018 in an effort to extend the life of this site, ie - use of skip bins, greater recycling and the collection of green waste.

### ROAD MAINTENANCE

Grading, rolling, cleaning of drainage and culverts on Council's roads are performed throughout the Shire as part of the Council's maintenance program. Tar patching roads and replacing white posts were also a high priority as was street tree maintenance and weed spraying in both the town site and rural areas.

### STORM DAMAGE – SHIRE ROAD NETWORK



Road Damage

The Shire experienced a major flood event in February where 220mm of rain fell in a 48 hour period. There was considerable road damage across the Shire estimated to be in the region of \$3.4million.

As a natural disaster was declared following this event, Council has been able to undertake the road repairs and recoup the cost from the Federal / State Government. Council contribution to the total cost of repairs is \$154,000.

Work on repairs started in late June 2017 and is expected to go through until April / May 2018. The Shire works crew were very active during the flooding and they must be congratulated on their effort during this time.

## RANGER SERVICES

The ranger has maintained a high level of service to the district. Regular patrols for stray animals, unregistered off-road vehicles, litter control and damage to nature reserves. There was again some issues with dog attacks on live stock in locations within the townsite, these attacks have now been resolved with either destruction or re-homing of the offending dogs. Council has now also engaged WA Contract Ranger Services to assist our part-time Ranger with difficult dog issues and to ensure community compliance.

## PLANT / MACHINERY

It was a relatively busy year with Council's fleet of plant and machinery. There were a few minor break downs, this can be attributed to the ongoing regular servicing and maintenance of Council's plant and equipment. Major plant purchases included a Multi-Tyred Roller, Isuzu Crew Cab and Isuzu Truck.

## PARKS, GARDENS AND OVALS

A significant amount of resources and staff time goes into the up-keep and maintenance of the Shire's parks, gardens and sports oval/facilities. Our Town crew have done a fantastic job ensuring these very important recreational areas look their best.



New Multi-Tyred Roller



Council Gardening Crew

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

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Principal place of business:  
2 Arthur Road  
WAGIN WA 6315



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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed as authorisation of issue on the 23rd day of November 2017



---

Peter Webster  
Chief Executive Officer

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	22	2,138,200	2,131,730	2,043,540
Operating grants, subsidies and contributions	29	3,667,996	3,062,911	1,378,058
Fees and charges	28	649,216	756,189	718,147
Interest earnings	2(a)	57,452	49,052	61,684
Other revenue	2(a)	449,813	194,500	388,581
		<u>6,962,677</u>	<u>6,194,382</u>	<u>4,590,010</u>
<b>Expenses</b>				
Employee costs		(2,300,546)	(2,367,962)	(2,268,175)
Materials and contracts		(2,019,347)	(2,258,228)	(1,166,365)
Utility charges		(345,621)	(340,193)	(350,445)
Depreciation on non-current assets	2(a)	(1,067,821)	(1,209,889)	(1,199,813)
Interest expenses	2(a)	(41,541)	(38,415)	(43,861)
Insurance expenses		(179,743)	(185,193)	(193,890)
Other expenditure		(214,682)	(167,459)	(313,224)
		<u>(6,169,301)</u>	<u>(6,567,339)</u>	<u>(5,535,773)</u>
		793,376	(372,957)	(945,763)
Non-operating grants, subsidies and contributions	29	1,081,022	1,394,706	1,061,451
Profit on asset disposals	20	16,047	9,452	8,941
(Loss) on asset disposals	20	(55,733)	(34,100)	(34,604)
<b>Net result</b>		<b>1,834,712</b>	<b>997,101</b>	<b>90,025</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	595,268	0	(747,113)
<b>Total other comprehensive income</b>		<b>595,268</b>	<b>0</b>	<b>(747,113)</b>
<b>Total comprehensive income</b>		<b>2,429,980</b>	<b>997,101</b>	<b>(657,088)</b>

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

**SHIRE OF WAGIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		19,003	11,000	14,018
General purpose funding		5,453,969	4,731,529	2,932,724
Law, order, public safety		76,263	82,290	82,871
Health		92,550	83,136	83,308
Education and welfare		394,379	390,277	403,022
Community amenities		368,735	376,848	515,379
Recreation and culture		162,127	114,480	139,341
Transport		200,900	154,962	157,380
Economic services		82,395	92,200	86,312
Other property and services		112,356	157,660	175,655
		<u>6,962,677</u>	<u>6,194,382</u>	<u>4,590,010</u>
<b>Expenses</b>	2(a)			
Governance		(333,531)	(383,666)	(442,813)
General purpose funding		(405,260)	(422,665)	(391,893)
Law, order, public safety		(263,174)	(309,948)	(286,563)
Health		(229,503)	(289,155)	(252,979)
Education and welfare		(400,786)	(488,101)	(402,527)
Community amenities		(577,353)	(557,244)	(747,023)
Recreation and culture		(1,101,984)	(1,152,365)	(1,093,364)
Transport		(1,241,954)	(1,279,396)	(1,249,758)
Economic services		(284,746)	(257,718)	(256,686)
Other property and services		(1,289,469)	(1,388,666)	(368,306)
		<u>(6,127,760)</u>	<u>(6,528,924)</u>	<u>(5,491,912)</u>
<b>Finance costs</b>	2(a)			
Recreation and culture		(21,878)	(18,838)	(22,227)
Economic services		(586)	(586)	(1,494)
Other property and services		(19,077)	(18,991)	(20,140)
		<u>(41,541)</u>	<u>(38,415)</u>	<u>(43,861)</u>
		793,376	(372,957)	(945,763)
Non-operating grants, subsidies and contributions	29	1,081,022	1,394,706	1,061,451
Profit on disposal of assets	20	16,047	9,452	8,941
(Loss) on disposal of assets	20	(55,733)	(34,100)	(34,604)
<b>Net result</b>		<u>1,834,712</u>	<u>997,101</u>	<u>90,025</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	595,268	0	(747,113)
<b>Total other comprehensive income</b>		<u>595,268</u>	<u>0</u>	<u>(747,113)</u>
<b>Total comprehensive income</b>		<u>2,429,980</u>	<u>997,101</u>	<u>(657,088)</u>

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

**SHIRE OF WAGIN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017**

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,428,840	1,351,725
Trade and other receivables	4	326,780	475,998
Inventories	5	27,135	29,721
<b>TOTAL CURRENT ASSETS</b>		<u>2,782,755</u>	<u>1,857,444</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	219,458	57,356
Property, plant and equipment	6	20,416,391	18,976,398
Infrastructure	7	38,146,441	38,192,637
<b>TOTAL NON-CURRENT ASSETS</b>		<u>58,782,290</u>	<u>57,226,391</u>
<b>TOTAL ASSETS</b>		<u>61,565,045</u>	<u>59,083,833</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	361,587	426,894
Current portion of long term borrowings	9	66,478	76,437
Provisions	10	360,229	341,069
<b>TOTAL CURRENT LIABILITIES</b>		<u>788,294</u>	<u>844,401</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	758,701	633,811
Provisions	10	17,953	35,504
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>776,654</u>	<u>669,315</u>
<b>TOTAL LIABILITIES</b>		<u>1,564,948</u>	<u>1,513,716</u>
<b>NET ASSETS</b>		<u>60,000,097</u>	<u>57,570,117</u>
<b>EQUITY</b>			
Retained surplus		30,342,324	28,647,268
Reserves - cash backed	11	1,217,261	1,077,605
Revaluation surplus	12	28,440,512	27,845,244
<b>TOTAL EQUITY</b>		<u>60,000,097</u>	<u>57,570,117</u>

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

**SHIRE OF WAGIN  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>28,519,252</b>	<b>1,115,596</b>	<b>28,592,357</b>	<b>58,227,205</b>
Comprehensive income					
Net result		90,025	0	0	90,025
Changes on revaluation of assets	12	0	0	(747,113)	(747,113)
Total comprehensive income		90,025	0	(747,113)	(657,088)
Transfers from/(to) reserves		37,991	(37,991)	0	0
<b>Balance as at 30 June 2016</b>		<b>28,647,268</b>	<b>1,077,605</b>	<b>27,845,244</b>	<b>57,570,117</b>
Comprehensive income					
Net result		1,834,712	0	0	1,834,712
Changes on revaluation of assets	12	0	0	595,268	595,268
Total comprehensive income		1,834,712	0	595,268	2,429,980
Transfers from/(to) reserves		(139,656)	139,656	0	0
<b>Balance as at 30 June 2017</b>		<b>30,342,324</b>	<b>1,217,261</b>	<b>28,440,512</b>	<b>60,000,097</b>

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

**SHIRE OF WAGIN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,150,371	2,131,730	2,012,668
Operating grants, subsidies and contributions		3,817,669	3,209,724	1,286,485
Fees and charges		649,216	756,189	718,147
Interest earnings		57,451	49,052	61,684
Goods and services tax		0	30,000	0
Other revenue		449,813	194,500	388,581
		<u>7,124,519</u>	<u>6,371,195</u>	<u>4,467,565</u>
<b>Payments</b>				
Employee costs		(2,283,182)	(2,367,962)	(2,393,618)
Materials and contracts		(2,097,909)	(2,281,941)	(1,135,967)
Utility charges		(345,621)	(340,193)	(350,445)
Interest expenses		(41,455)	(38,415)	(44,217)
Insurance expenses		(179,743)	(185,193)	(193,890)
Goods and services tax		0	(30,000)	20,291
Other expenditure		(214,682)	(167,459)	(313,224)
		<u>(5,162,592)</u>	<u>(5,411,163)</u>	<u>(4,411,070)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>1,961,927</u>	<u>960,032</u>	<u>56,495</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(656,755)	(636,000)	(341,280)
Payments for construction of infrastructure		(1,407,935)	(1,892,575)	(1,530,917)
Advances to community groups		(200,000)	(200,000)	0
Non-operating grants, subsidies and contributions		1,081,022	1,394,706	1,061,451
Proceeds from sale of fixed assets		158,653	137,000	79,687
<b>Net cash provided by (used in) investment activities</b>		<u>(1,025,015)</u>	<u>(1,196,869)</u>	<u>(731,059)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(85,069)	(76,437)	(130,931)
Proceeds from self supporting loans		25,273	16,641	74,197
Proceeds from new debentures		200,000	200,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>140,204</u>	<u>140,204</u>	<u>(56,734)</u>
<b>Net increase (decrease) in cash held</b>		1,077,116	(96,633)	(731,298)
Cash at beginning of year		1,351,725	1,351,725	2,083,020
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u>2,428,840</u>	<u>1,255,092</u>	<u>1,351,725</u>

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

**SHIRE OF WAGIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	341,685	347,220	910,607
	341,685	347,220	910,607
<b>Revenue from operating activities (excluding rates)</b>			
Governance	25,756	14,452	22,959
General purpose funding	3,326,358	2,599,799	889,184
Law, order, public safety	76,263	82,290	82,871
Health	92,550	83,136	83,308
Education and welfare	394,379	390,277	403,022
Community amenities	371,778	382,848	515,379
Recreation and culture	162,127	114,480	139,341
Transport	207,151	154,962	157,380
Economic services	82,395	92,200	86,312
Other property and services	112,355	157,660	175,655
	4,851,112	4,072,104	2,555,411
<b>Expenditure from operating activities</b>			
Governance	(336,831)	(383,666)	(442,813)
General purpose funding	(405,260)	(422,665)	(391,893)
Law, order, public safety	(263,174)	(309,948)	(286,563)
Health	(229,503)	(289,155)	(252,979)
Education and welfare	(400,786)	(488,101)	(407,898)
Community amenities	(577,353)	(557,244)	(747,023)
Recreation and culture	(1,123,862)	(1,171,203)	(1,115,591)
Transport	(1,294,386)	(1,313,496)	(1,278,991)
Economic services	(285,332)	(258,304)	(258,180)
Other property and services	(1,308,546)	(1,407,657)	(388,446)
	(6,225,033)	(6,601,439)	(5,570,377)
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	20	(16,047)	(9,452)
Loss on disposal of assets	20	55,733	34,100
Movement in deferred pensioner rates (non-current)		3,130	0
Movement in employee benefit provisions (non-current)		(17,551)	0
Depreciation and amortisation on assets	2(a)	1,067,821	1,209,889
<b>Amount attributable to operating activities</b>		60,850	(947,578)
			(952,053)
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		1,081,022	1,394,706
Proceeds from disposal of assets	20	158,653	137,000
Purchase of property, plant and equipment	6(b)	(656,755)	(636,000)
Purchase and construction of infrastructure	7(b)	(1,407,935)	(1,892,575)
<b>Amount attributable to investing activities</b>		(825,015)	(996,869)
			(731,059)
<b>FINANCING ACTIVITIES</b>			
Advances to community groups		(200,000)	(200,000)
Repayment of debentures	21(a)	(85,069)	(76,437)
Proceeds from new debentures	21(a)	200,000	200,000
Proceeds from self supporting loans		25,273	16,641
Transfers to reserves (restricted assets)	11	(321,662)	(236,487)
Transfers from reserves (restricted assets)	11	182,006	109,000
<b>Amount attributable to financing activities</b>		(199,452)	(187,283)
			(18,743)
<b>Surplus(deficiency) before general rates</b>		(963,617)	(2,131,730)
<b>Total amount raised from general rates</b>	22	2,127,611	2,131,730
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<b>1,163,994</b>	<b>0</b>
			<b>341,685</b>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

**(b) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

**(c) Cash and Cash Equivalents**

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

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

**General**

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

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

**Land held for sale**

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

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

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

**(f) Fixed Assets**

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

**Mandatory requirement to revalue non-current assets**

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

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

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

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

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

***Capitalisation Threshold***

The Shire of Wagin does not have a capitalisation threshold. Capitalisation of assets will be at the discretion of the Chief Executive Officer in accordance with good asset management practices and considerations.

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

**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 WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Income approach**

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

**Cost approach**

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

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

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

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

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

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

**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 WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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



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

**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 proportionate consolidation method. Refer below for a description of the proportionate consolidation method.

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

**(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 WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**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 WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

**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 <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of

operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

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

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul>

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised Accounting Standards**

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

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

<b>2. REVENUE AND EXPENSES</b>	<b>2017</b>	<b>2016</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	10,574	13,738	
<b>Depreciation</b>			
Buildings	383,840	382,196	
Furniture and equipment	60,575	78,956	
Plant and equipment	172,442	322,883	
Tools	0	352	
Infrastructure - Roads	391,852	367,718	
Infrastructure - Other	59,112	47,708	
	<u>1,067,821</u>	<u>1,199,813</u>	
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 21 (a))	41,541	43,861	
	<u>41,541</u>	<u>43,861</u>	
(ii) Crediting as revenue:			
<b>Other revenue</b>			
Other	449,813	388,581	
	<u>449,813</u>	<u>388,581</u>	
	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>			
- Loans receivable - clubs/institutions			
- Reserve funds	30,662	21,552	32,661
- Other funds	18,446	20,000	21,989
Other interest revenue (refer note 27)	8,344	7,500	7,034
	<u>57,452</u>	<u>49,052</u>	<u>61,684</u>

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

**2. REVENUE AND EXPENSES (Continued)****(b) Statement of Objective**

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

**COMMUNITY VISION**

To live in a community where individuals, families and businesses can invest and prosper, preserving the traditional safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

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 resources.

**Activities:**

Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.

**GENERAL PURPOSE FUNDING****Objective:**

To collect revenue to allow for the provision of services and facilities for the community.

**Activities:**

Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.

**LAW, ORDER, PUBLIC SAFETY****Objective:**

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

**Activities:**

Includes costs associated with fire prevention and control, control of dogs, cats and other animals, abandoned vehicles, enforcement of associated local laws and other aspects of public safety including emergency services.

**HEALTH****Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Includes costs associated with providing doctor, maternal and infant health services, analytical expenses ie water sampling, and the running of the Regional Health Scheme together with the Shire of Williams.

**EDUCATION AND WELFARE****Objective:**

To provide services and facilities to the elderly, disadvantaged, children and youth of the community.

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

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**Activities:**

Includes costs associated with providing a building for daycare, administering and running of the Wagin Home and Community Care Program, including Community Aged Care Packages and some assistance to Wagin Frail Aged Lodge.

**COMMUNITY AMENITIES**

**Objective:**

To provide required essential services for the community.

**Activities:**

Includes provision for the collection and disposal of residential, commercial and industrial refuse, provide an effective waste recycling service, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

Includes costs associated with public halls, the Wagin Memorial Swimming Centre, Wagin Recreation Centre, sportsground maintenance and sportsground buildings/ facility maintenance, the provision of recreational services and programs, library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.

**TRANSPORT**

**Objective:**

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

**Activities:**

Includes construction and maintenance of Council's Infrastructure assets including roads, bridges footpaths, parking facilities, townscape, street trees and street lighting. Also, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.

**ECONOMIC SERVICES**

**Objective:**

To help promote the Shire and its economic wellbeing

**Activities:**

Includes area promotion, tourism, economic and community development, control of declared flora and fauna, the Rural Town's programme, Landcare, LCDC projects, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Council's overhead operating accounts and other miscellaneous items.

**Activities:**

Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside works crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.



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

**2. REVENUE AND EXPENSES (Continued)****(c) Conditions Over Grants/Contributions**

Grant/Contribution	Opening Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance
	1/07/15	2015/16	2015/16	30/06/16	2016/17	2016/17	30/06/17
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
Integrated Planning - Strategic Community I	21,259	0	0	21,259		(17,699)	3,560
<b>Law, order, public safety</b>							
Dept Fire & Emergency - BFB Funding	0	28,860	(21,000)	7,860	31,830	(31,440)	8,250
Dept Fire & Emergency - SES Funding	6,196	27,618	(27,189)	6,625	27,590	(26,500)	7,715
<b>Education and welfare</b>							
AEDI Local Champions Program	1,087	0	(1,087)	0			0
Community Aged Care Packages	38,644	8,649	(853)	46,440		(3,278)	43,162
Dept of Local Govt - Thank A Volunteer Gra	0	1,000	(1,000)	0	1,000	(1,000)	0
Disability Awareness Week Grant	0	455	(455)	0			0
Seniors Week Grant	0	600	(600)	0			0
<b>Community amenities</b>							
Community Water Grant - Desalination Proj	6,600	19,800	(26,400)	0			0
Keep Australia Beautiful Grant	0	3,000	(3,000)	0			0
Regional Waste Transfer Grant	0	129,524	(129,524)	0			0
<b>Recreation and culture</b>							
Community Pool Revitalisation Program	0	32,000	(32,000)	0	32,000	(32,000)	0
Dept of Sport and Rec - Gymkhanarama Gr	0	2,000	(2,000)	0			0
Dept Sport and Rec - Kidsport Grant	0	4,000	(515)	3,485	3,000	(6,485)	0
Healthways Can You See My Mind Grant	0	9,000	(200)	8,800	6,000	(14,800)	0
Dept of Local Govt - Age Friendly Communi	0	0	0	0	2,500		2,500

**Transport**

Roads to Recovery	0	640,053	(640,053)	0	517,394	(517,394)	0
Wheatbelt Development Commission - Age	51,084	0	(51,084)	0			0

**Other property and services**

R4R CLGF - Well Aged Housing Project	0	71,713	(71,713)	0	1,009,205	(1,009,205)	0
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<b>Total</b>	<b>124,870</b>	<b>978,272</b>	<b>(1,008,673)</b>	<b>94,469</b>	<b>1,630,519</b>	<b>(1,659,801)</b>	<b>65,187</b>
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**Notes:**

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

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

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,146,391	179,651
Restricted		1,282,449	1,172,074
		<u>2,428,840</u>	<u>1,351,725</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	109,787	67,856
Plant Reserve	11	202,959	152,059
Recreation Centre Equipment Reserve	11	11,310	13,147
Aerodrome Maintenance & Development Reserve	11	7,500	0
Municipal Buildings Reserve	11	108,529	120,755
Administration Centre Furniture, Equipment & IT Res	11	20,000	0
Land Development Reserve	11	126,392	122,895
Community Bus Reserve	11	12,205	84,202
Home and Community Care Reserve	11	235,426	214,388
Recreation Development Reserve	11	119,077	52,581
Refuse Site / Waste Management Reserve	11	109,333	110,928
Refuse Site Rehabilitation Reserve	11	53,562	32,633
Wagin Water Management Reserve	11	100,242	105,247
Town Drainage Reserve	11	940	914
Unspent grants	2(c)	65,187	94,469
		<u>1,282,449</u>	<u>1,172,074</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		43,311	52,352
Sundry debtors		257,333	407,005
Loans receivable - clubs/institutions		26,136	16,641
		<u>326,780</u>	<u>475,998</u>
<b>Non-current</b>			
Rates outstanding - pensioners		45,750	48,880
Loans receivable - clubs/institutions		173,708	8,476
		<u>219,458</u>	<u>57,356</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		27,135	29,721
		<u>27,135</u>	<u>29,721</u>

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

	2017	2016
	\$	\$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2014 - level 2	0	1,684,600
- Independent valuation 2017 - level 2	3,182,000	0
	3,182,000	1,684,600
Buildings at:		
- Independent valuation 2014 - level 2	0	16,455,922
- Independent valuation 2017 - level 2	15,273,940	0
- Additions after valuation - cost	0	74,041
Buildings - Less: accumulated depreciation	0	(1,136,246)
	15,273,940	15,393,717
Total land and buildings	18,455,940	17,078,317
Furniture and equipment at:		
- Management valuation 2015 - level 3	1,391,861	1,354,598
- Additions after valuation - cost	0	22,093
Furniture and equipment - Less: accumulated depreciation	(1,043,986)	(983,410)
	347,875	393,281
Plant and equipment at:		
- Management valuation 2016 - level 3	1,504,800	1,504,800
- Additions after valuation - cost	478,557	0
- Disposals after valuation - cost	(228,300)	0
Plant and equipment - Less: accumulated depreciation	(142,481)	0
	1,612,576	1,504,800
Tools at:		
- Management valuation 2013 - level 3	11,355	11,355
Tools - Less: accumulated depreciation	(11,355)	(11,355)
	0	0
	20,416,391	18,976,398

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land	1,684,600	0	0	1,497,400	0	0	0	0	3,182,000
<b>Total land</b>	<b>1,684,600</b>	<b>0</b>	<b>0</b>	<b>1,497,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,182,000</b>
Buildings	15,393,717	163,028	0	101,035	0	0	(383,840)	0	15,273,940
<b>Total buildings</b>	<b>15,393,717</b>	<b>163,028</b>	<b>0</b>	<b>101,035</b>	<b>0</b>	<b>0</b>	<b>(383,840)</b>	<b>0</b>	<b>15,273,940</b>
<b>Total land and buildings</b>	<b>17,078,317</b>	<b>163,028</b>	<b>0</b>	<b>1,598,435</b>	<b>0</b>	<b>0</b>	<b>(383,840)</b>	<b>0</b>	<b>18,455,940</b>
Furniture and equipment	393,281	15,170	0	0	0	0	(60,575)	0	347,875
Plant and equipment	1,504,800	478,557	(198,339)	0	0	0	(172,442)	0	1,612,576
<b>Total property, plant and equipment</b>	<b>18,976,398</b>	<b>656,755</b>	<b>(198,339)</b>	<b>1,598,435</b>	<b>0</b>	<b>0</b>	<b>(616,857)</b>	<b>0</b>	<b>20,416,391</b>

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

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties	Independent registered Valuers	June 2017	Price per hectare/market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties	Independent registered Valuers	June 2017	Price per hectare/market borrowing rate
<b>Furniture and equipment</b>	3	Market approach	Management Valuation	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and equipment</b>	3	Market approach	Management Valuation	June 2016	Purchase 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Independent valuation 2015 - level 3	37,184,480	35,690,881
- Additions after valuation - cost	0	1,206,724
Infrastructure - Roads - Less: accumulated depreciation	<u>(759,570)</u>	<u>(367,718)</u>
	36,424,910	36,529,887
Infrastructure - Other		
- Management valuation July 2014 - level 3	2,078,141	1,636,055
- Additions after valuation - cost	0	324,193
Infrastructure - Other - Less: accumulated depreciation	<u>(356,610)</u>	<u>(297,498)</u>
	1,721,531	1,662,750
	<u>38,146,441</u>	<u>38,192,637</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

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

**7. INFRASTRUCTURE (Continued)****(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	36,529,887	1,290,042	0	0	0	(1,003,167)	(391,852)	0	36,424,910
Infrastructure - Other	1,662,750	117,893	0	0	0	0	(59,112)	0	1,721,531
<b>Total infrastructure</b>	<b><u>38,192,637</u></b>	<b><u>1,407,935</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(1,003,167)</u></b>	<b><u>(450,964)</u></b>	<b><u>0</u></b>	<b><u>38,146,441</u></b>



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

**7. INFRASTRUCTURE (Continued)****(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - Roads</b>	3	Cost Approach using depreciated replacement cost	Independent registered Valuers	June 2015	Construction Costs and current condition ( Level 2), residual values and remaining useful life assessments ( Level 3) inputs
<b>Infrastructure - Other</b>	3	Cost Approach using depreciated replacement cost	Management Valuation	July 2015	Construction Costs and current condition ( Level 2), residual values and remaining useful life assessments ( Level 3) inputs

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	247,109	328,257
Accrued interest on debentures	3,692	3,606
Accrued salaries and wages	9,876	1,780
ATO liabilities	7,659	0
Regional Refuse Group Accrued Funds	93,001	93,001
Trust Liability	250	250
	<u>361,587</u>	<u>426,894</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by floating charge		
Debentures	66,478	76,437
	<u>66,478</u>	<u>76,437</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	758,701	633,811
	<u>758,701</u>	<u>633,811</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave</b>	<b>Provision for Long Service Leave</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2016</b>			
Current provisions	152,891	188,178	341,069
Non-current provisions	<u>          </u>	35,504	35,504
	152,891	223,682	376,573
Additional provision	<u>(10,445)</u>	12,054	1,609
<b>Balance at 30 June 2017</b>	<u>142,446</u>	<u>235,736</u>	<u>378,182</u>
<b>Comprises</b>			
Current	142,446	217,783	360,229
Non-current	0	17,953	17,953
	<u>142,446</u>	<u>235,736</u>	<u>378,182</u>

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

**11 RESERVES - CASH BACKED**

	<b>Actual 2017 Opening Balance \$</b>	<b>Actual 2017 Transfer to \$</b>	<b>Actual 2017 Transfer (from) \$</b>	<b>Actual 2017 Closing Balance \$</b>	<b>Budget 2017 Opening Balance \$</b>	<b>Budget 2017 Transfer to \$</b>	<b>Budget 2017 Transfer (from) \$</b>	<b>Budget 2017 Closing Balance \$</b>	<b>Actual 2016 Opening Balance \$</b>	<b>Actual 2016 Transfer to \$</b>	<b>Actual 2016 Transfer (from) \$</b>	<b>Actual 2016 Closing Balance \$</b>
Leave Reserve	67,856	41,931	0	109,787	67,856	1,357	0	69,213	65,842	2,014	0	67,856
Plant Reserve	152,059	50,900	0	202,959	152,059	44,675	0	196,734	85,840	66,219	0	152,059
Recreation Centre Equipment Reserve	13,147	2,174	(4,011)	11,310	13,147	2,063	(5,000)	10,210	11,037	2,110	0	13,147
Aerodrome Maintenance & Development Reserve	0	7,500	0	7,500	0	7,500	0	7,500	0	0	0	0
Municipal Buildings Reserve	120,755	53,436	(65,662)	108,529	120,755	52,415	0	173,170	160,310	4,130	(43,685)	120,755
Administration Centre Furniture, Equipment & IT I	0	20,000	0	20,000	0	20,000	0	20,000	0	0	0	0
Land Development Reserve	122,895	3,497	0	126,392	122,895	2,458	0	125,353	147,573	4,494	(29,172)	122,895
Community Bus Reserve	84,202	11,396	(83,393)	12,205	84,202	10,684	(84,000)	10,886	73,410	10,792	0	84,202
Home and Community Care Reserve	214,388	36,100	(15,062)	235,426	214,388	4,288	0	218,676	199,317	48,025	(32,954)	214,388
Recreation Development Reserve	52,581	66,496	0	119,077	52,581	66,052	0	118,633	60,464	6,867	(14,750)	52,581
Refuse Site / Waste Management Reserve	110,928	4,283	(5,878)	109,333	110,928	2,219	(20,000)	93,147	127,047	3,881	(20,000)	110,928
Refuse Site Rehabilitation Reserve	32,633	20,929	0	53,562	32,633	20,653	0	53,286	31,679	954	0	32,633
Wagin Water Management Reserve	105,247	2,995	(8,000)	100,242	105,247	2,105	0	107,352	123,077	3,170	(21,000)	105,247
Town Drainage Reserve	914	26	0	940	914	18	0	932	30,000	914	(30,000)	914
	<b>1,077,605</b>	<b>321,662</b>	<b>(182,006)</b>	<b>1,217,261</b>	<b>1,077,605</b>	<b>236,487</b>	<b>(109,000)</b>	<b>1,205,092</b>	<b>1,115,596</b>	<b>153,570</b>	<b>(191,561)</b>	<b>1,077,605</b>

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

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

<b>Name of Reserve</b>	<b>Purpose of the reserve</b>
Leave Reserve	The purpose of Council's Leave Reserve Account is to provide provisions to meet Council's Long Service Leave and Accrued Annual Leave liabilities so as to minimise the effect on Council's budget from year to year.
Plant Reserve	The purpose of the Plant reserve account is to provide funds for the ongoing replacement and upgrading of motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.
Recreation Centre Equipment Reserve	The purpose of the Recreation Centre Equipment Reserve is to provide funds for the purchase of additional or replacement equipment utilised at the Wagin Community Recreation Centre including the upgrading or replacing fixtures or fittings.
Aerodrome Maintenance & Development Reserve	The purpose of this Reserve is to provide for major maintenance type works (eg resealing of runway area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, buildings, fences etc) at the Wagin Airstrip.
Municipal Buildings Reserve	The purpose of the Municipal Buildings Reserve is to provide funds for the upgrading, renovating or restoration of existing Council owned buildings and the construction of new Council owned buildings, including fences and Council houses.
Administration Centre Furniture, Equipment & IT Reserve	The purpose of this Reserve is to provide for the purchase of furniture, fittings, equipment and Information Technology requirements in relation to the Council Administration Building.
Land Development Reserve	The purpose of this Reserve is to provide funds for the development of land within the Wagin Shire for the benefit of residents and the good Government of the local authority, as determined by Council. This includes the purchase, subdivision and development of land for industrial, residential, commercial and other purposes, as the need arises as Council sees fit.

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

**11 RESERVES - CASH BACKED (continued)**

Community Bus Reserve	The purpose of this Reserve is to provide funds to allow for the maintenance, upgrade and changeover of the Wagin Community Bus as required from time to time.
Home and Community Care Reserve	The purpose of this Reserve is to provide provisions to meet the HACC long service leave and accrued annual leave liabilities so as to minimise the effect on the HACC budget from year to year and to provide for the replacement of vehicles, should grant monies not be provided or are insufficient to meet requirements.
Recreation Development Reserve	The purpose of the Recreation Development Reserve is to provide funds for the expansion, upgrading and development of Council's Recreation facilities. This includes the upgrading of water supplies and the like for recreation areas within the Shire of Wagin.
Refuse Site / Waste Management Reserve	The purpose of the Refuse Site / Waste Management Reserve is to provide funds for a new regional refuse site, build a new Waste Transfer Station, future costs for waste management, recycling and working towards zero waste.
Refuse Site Rehabilitation Reserve	The purpose of the Refuse Site Rehabilitation Reserve is to provide funds to rehabilitate the existing refuse site at Brockman Road once the site has been decommissioned and replaced with a Waste transfer Station.
Wagin Water Management Reserve	The purpose of the Wagin Water Management Plan is to ensure Council spends the surplus Rural Towns grant and Council funds on measures and projects in line with the water management plan.
Town Drainage Reserve	The purpose of the Town Drainage Reserve is to provide funds to maintain and upgrade the existing drainage network within the Wagin Town site.

**12. REVALUATION SURPLUS**

	2017	2017	2017	2017	2016	2016	2016	2016	2016	
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	1,440,841	1,497,400	0	1,497,400	2,938,241	1,440,841	0	0	0	1,440,841
Revaluation surplus - Buildings	8,220,711	101,035	0	101,035	8,321,746	8,220,711	0	0	0	8,220,711
Revaluation surplus - Plant and equipment	(478,112)	0	0	0	(478,112)	269,001	0	(747,113)	(747,113)	(478,112)
Revaluation surplus - Infrastructure - Roads	18,661,804	(1,003,167)	0	(1,003,167)	17,658,637	18,661,804	0	0	0	18,661,804
	<u>27,845,244</u>	<u>595,268</u>	<u>0</u>	<u>595,268</u>	<u>28,440,512</u>	<u>28,592,357</u>	<u>0</u>	<u>(747,113)</u>	<u>(747,113)</u>	<u>27,845,244</u>

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

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

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>2,428,840</u>	<u>1,255,092</u>	<u>1,351,725</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	1,834,712	997,101	90,025
Non-cash flows in Net result:			
Depreciation	1,067,821	1,209,889	1,199,813
(Profit)/Loss on sale of asset	39,686	24,648	25,663
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	161,842	146,813	(102,154)
(Increase)/Decrease in inventories	2,586	(4,280)	17,932
Increase/(Decrease) in payables	(65,307)	(19,433)	(101,995)
Increase/(Decrease) in provisions	1,609		(11,338)
Grants contributions for the development of assets	<u>(1,081,022)</u>	<u>(1,394,706)</u>	<u>(1,061,451)</u>
Net cash from operating activities	<u>1,961,927</u>	<u>960,032</u>	<u>56,495</u>
	<b>2017</b>		<b>2016</b>
	<b>\$</b>		<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Credit card limit	19,000		19,000
Credit card balance at balance date	<u>(947)</u>		<u>(2,101)</u>
<b>Total amount of credit unused</b>	<u>18,053</u>		<u>16,899</u>
<b>Loan facilities</b>			
Loan facilities - current	66,478		76,437
Loan facilities - non-current	<u>758,701</u>		<u>633,811</u>
<b>Total facilities in use at balance date</b>	<u>825,179</u>		<u>710,248</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>		<u>NIL</u>

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

**14. CONTINGENT LIABILITIES**

The Shire did not have any contingent liabilities at the reporting date.

**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 did not have any joint venture arrangements at the reporting date.

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	4,350,858	3,457,822
General purpose funding	1,138,822	157,852
Law, order, public safety	584,549	607,880
Health	834,503	774,146
Education and welfare	557,160	488,484
Community amenities	820,985	931,972
Recreation and culture	11,738,206	10,485,396
Transport	39,312,580	39,348,902
Economic services	387,392	388,260
Other property and services	1,693,600	2,323,469
Unallocated	146,390	119,651
	<u>61,565,045</u>	<u>59,083,834</u>

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

	2017	2016	2015
<b>18. FINANCIAL RATIOS</b>			
Current ratio	2.21	0.88	1.45
Asset sustainability ratio	1.63	1.43	1.62
Debt service cover ratio	14.72	1.56	15.01
Operating surplus ratio	0.26	(0.34)	0.10
Own source revenue coverage ratio	0.46	0.51	0.40

The above ratios are calculated as follows:

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

**Notes:**

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

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

The early payment of the grant increased operating revenue in 2017 by \$728,152.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$705,053.

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

	2017	2016	2015
Current ratio	1.14	1.79	0.63
Operating surplus ratio	0.01	-0.09	-0.16
Debt service cover ratio	8.96	5.59	8.87

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

**19. TRUST FUNDS**

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Deposits - Town Hall	1,400	800	(1,400)	800
Deposits - Community Bus	600	2,100	(1,500)	1,200
Deposits - Rec Ctr & EFP	4,162	5,700	(5,000)	4,862
Deposits - Animal Trap	0	0	0	0
BCITF	519	2,583	(3,102)	0
Building Services Levy	1,668	2,964	(4,632)	0
Nomination Deposits	160	0	0	160
Pre-Paid Rates	0	0	0	0
Other Deposits	4,619	0	(800)	3,819
Unclaimed Monies	1,733	0	(249)	1,484
Transport Licensing	14,344	0	(3,813)	10,531
Bank Charges	0	0	0	0
Banking Errors	0	0	0	0
Deposit - Refuse Site Key	20	0	0	20
In Lieu of Public Open Space	8,200	0	0	8,200
Staff Christmas Fund	5,470	9,980	(10,565)	4,885
Trust Accounts Receivable	(191)	0	0	(191)
Cemetery Shelter Contributions	8,000	0	0	8,000
	<u>50,704</u>			<u>43,770</u>

**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
Governance								
CEO Vehicle - Isuzu MUX	21,884	28,637	6,753	0	16,548	20,000	3,452	0
Health								
EHO Vehicle - Nissan Xtrail	18,339	15,039	0	(3,300)	0	0		
Community amenities								
Community Bus	10,003	13,046	3,043	0	10,000	16,000	6,000	0
Transport								
Isuzu Truck 6t	56,005	41,385	0	(14,620)	42,000	40,000	0	(2,000)
Isuzu Crew Cab	60,673	26,361	0	(34,312)	35,000	30,000	0	(5,000)
Roller Multi-tyre	11,001	7,500	0	(3,501)	56,000	30,000	0	(26,000)
John Deere Mower	560	777	217	0	2,100	1,000	0	(1,100)
MOW Vehicle - Isuzu Dmax	19,875	25,909	6,034	0				
	<u>198,340</u>	<u>158,654</u>	<u>16,047</u>	<u>(55,733)</u>	<u>161,648</u>	<u>137,000</u>	<u>9,452</u>	<u>(34,100)</u>



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

**21. INFORMATION ON BORROWINGS**

## (a) Repayments - Debentures

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2017		Interest Repayments	
	1 July 2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>								
Loan 131 - Recreation Centre	83,893	0	7,705	7,705	76,188	76,188	5,240	5,240
Loan 139 - Swimming Pool Redeveloppr	261,631	0	10,873	10,873	250,758	250,758	13,163	13,163
<b>Economic services</b>								
Loan 140 - Puntapin Dam Pipeline	21,742	0	21,742	21,742	0	0	586	586
<b>Other property and services</b>								
Loan 137 - 5 Arnott Street	203,448	0	10,945	10,945	192,503	192,503	12,035	11,949
Loan 138 - Doctors Residence	114,418	0	8,532	8,532	105,886	105,886	7,042	7,042
	685,132	0	59,797	59,797	625,335	625,335	38,066	37,980
<b><u>Self Supporting Loans</u></b>								
<b>Recreation and culture</b>								
Loan 133 - Wagin Bowling Club SSL *	25,116	0	16,640	16,640	8,476	8,476	435	435
Loan 141 - Wagin Ag Society SSL *	0	200,000	8,632	0	191,368	200,000	3,040	0
	25,116	200,000	25,272	16,640	199,844	208,476	3,475	435
	710,248	200,000	85,069	76,437	825,179	833,811	41,541	38,415

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

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

**21. INFORMATION ON BORROWINGS (Continued)**

## (b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$					Actual \$	Budget \$	
Loan 141 - Wagin Ag Society SSL *	200,000	200,000	WATC	10	33,443	3.04%	200,000	200,000	0
	<u>200,000</u>	<u>200,000</u>			<u>33,443</u>		<u>200,000</u>	<u>200,000</u>	<u>0</u>

## (c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

## (d) Overdraft

The Shire did not use an overdraft facility during the 2016/17 financial year and does not have an overdraft facility in place.

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

**22. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
Gross Rental Value	10.0134	731	7,782,437	779,287	5,225	1,959	786,471 0	779,287	2,000	500	781,787 0
<b>Unimproved value valuations</b>											
Unimproved Value	0.7660	347	170,883,500	1,308,968	2,516	0	1,311,484 0	1,308,968	1,000	0	1,309,968 0
<b>Sub-Total</b>		1,078	178,665,937	2,088,255	7,741	1,959	2,097,955	2,088,255	3,000	500	2,091,755
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
Gross Rental Value	540	162	316,775	87,480	0	0	87,480 0	87,480	0	0	87,480 0
<b>Unimproved value valuations</b>											
Unimproved Value	540	37	1,687,200	19,980	0	0	19,980 0	19,980	0	0	19,980 0
<b>Sub-Total</b>		199	2,003,975	107,460	0	0	107,460	107,460	0	0	107,460
		<b>1,277</b>	<b>180,669,912</b>	<b>2,195,715</b>	<b>7,741</b>	<b>1,959</b>	<b>2,205,415</b>	<b>2,195,715</b>	<b>3,000</b>	<b>500</b>	<b>2,199,215</b>
Discounts/concessions (refer note 26)							(77,804)				(78,073)
<b>Total amount raised from general rate</b>							<b>2,127,611</b>				<b>2,121,142</b>
Specified Area Rate (refer note 24)							0				0
Ex-gratia rates							10,589				10,588
<b>Totals</b>							<b>2,138,200</b>				<b>2,131,730</b>

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

**23. NET CURRENT ASSETS**

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<u>1,163,994</u>	<u>341,685</u>	<u>341,685</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,146,391	179,651	179,651
Restricted	1,282,449	1,172,074	1,172,074
Receivables			
Rates outstanding	43,311	52,352	52,352
Sundry debtors	257,333	407,005	407,005
Loans receivable - clubs/institutions	26,136	16,641	16,641
Inventories			
Fuel and materials	27,135	29,721	29,721
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(247,109)	(328,257)	(328,257)
Accrued interest on debentures	(3,692)	0	0
Accrued salaries and wages	(9,876)	0	0
ATO liabilities	(7,659)	0	0
Regional Refuse Group Accrued Funds	(93,001)	(93,001)	(93,001)
Trust Liability	(250)	(250)	(250)
Current portion of long term borrowings			
Secured by floating charge	(66,478)	(76,437)	(76,437)
Provisions			
Provision for annual leave	(142,446)	(152,891)	(152,891)
Provision for long service leave	(217,783)	(188,178)	(188,178)
<b>Unadjusted net current assets</b>	<u><b>1,994,461</b></u>	<u><b>1,018,430</b></u>	<u><b>1,018,430</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,217,261)	(1,077,605)	(1,077,605)
Less: Loans receivable - clubs/institutions	(26,136)	(16,641)	(16,641)
Add: Secured by floating charge	66,478	76,437	76,437
Add: Provision for annual leave	142,446	152,891	152,891
Add: Provision for long service leave	43,505	188,178	188,178
Add: Cash Back Leave Reserve	109,787	0	0
Add: Cash Back HACC Reserve	50,714	0	0
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><u><b>1,163,994</b></u></u>	<u><u><b>341,685</b></u></u>	<u><u><b>341,685</b></u></u>

**Difference**

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

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

**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

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

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

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

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

Rate or Fee Discount Granted		Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General Rates	Discount	5.00%		(77,804)	(78,073)	If paid before first due date.
Rate Assessment	Write Off	N/A		(5,589)	(10,000)	
				(83,393)	(88,073)	

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Betty Terry Theatre	Rates/Rubbish	50.00%		542	523
St John Ambulance	Rubbish	100.00%		320	320
Wagin Care & Share	Rubbish	100.00%		320	320
Wagin CWA	Rates/Rubbish	100.00%		1,520	1,246
Waratah Lodge	Rubbish	100.00%		320	320
				3,022	2,729

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

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

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	22 September 16	Nil	Nil	11.00%
<b>Option Two</b>				
First Instalment	22 September 16	5	5.50%	11.00%
Second Instalment	23 January 17	5	5.50%	11.00%
<b>Option Three</b>				
First Instalment	22 September 16	5	5.50%	11.00%
Second Instalment	22 November 16	5	5.50%	11.00%
Third Instalment	23 January 17	5	5.50%	11.00%
Fourth Instalment	23 March 17	5	5.50%	11.00%
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			8,344	7,500
Interest on instalment plan			0	
Charges on instalment plan			7,782	7,000
			<u>16,126</u>	<u>14,500</u>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>28. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance		
General purpose funding	54,650	75,956
Law, order, public safety	12,566	12,106
Health	6,440	4,635
Education and welfare	56,635	64,421
Community amenities	346,639	332,116
Recreation and culture	57,793	59,994
Transport	1,291	0
Economic services	80,770	85,331
Other property and services	32,432	83,588
	<u>649,216</u>	<u>718,147</u>

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

**29. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	17,000	14,018
General purpose funding	3,104,059	663,836
Law, order, public safety	59,420	59,223
Health	0	78,674
Education and welfare	326,717	337,577
Community amenities	0	18,739
Recreation and culture	47,300	79,347
Transport	113,500	113,011
Economic services	0	981
Other property and services	0	12,652
	<u>3,667,996</u>	<u>1,378,058</u>
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	0	71,713
Community amenities	8,000	30,000
Recreation and culture	18,000	0
Transport	1,055,022	939,938
Economic services	0	19,800
	<u>1,081,022</u>	<u>1,061,451</u>
	<u>4,749,018</u>	<u>2,439,509</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>35</u>	<u>35</u>
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**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>31. ELECTED MEMBERS REMUNERATION</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	14,250	15,000	14,700
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	2,000
Travelling expenses	757	2,000	1,644
Telecommunications allowance	5,104	6,000	5,543
	<b>35,111</b>	<b>38,000</b>	<b>35,887</b>

**32. RELATED PARTY TRANSACTIONS****Key Management Personnel (KMP) Compensation Disclosure**

	<b>2017</b>
	<b>\$</b>
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	658,102
Post-employment benefits	61,110
Other long-term benefits	14,103
Termination benefits	0
	<b>733,315</b>

**Short-term employee benefits**

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

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

**Related Parties****The Shire's main related parties are as follows:***i. Key management personnel*

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

*ii. Entities subject to significant influence by the Shire*

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

*iii. Joint venture entities accounted for under the equity method*

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



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

**32. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

The following transactions occurred with related parties:

	<b>2017</b>
	<b>\$</b>
<b>Associated companies/individuals:</b>	
Sale of goods and services	777
Purchase of goods and services	10,929
<b>Joint venture entities:</b>	
Distributions received from joint venture entities	0
<b>Amounts outstanding from related parties:</b>	
Trade and other receivables	0
Loans to associated entities	0
Loans to key management personnel	0
<b>Amounts payable to related parties:</b>	
Trade and other payables	12,465
Loans from associated entities	0

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

**33. MAJOR LAND TRANSACTIONS**

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

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

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

**35. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2,428,840	1,351,725	2,428,840	1,351,725
Receivables	546,238	533,354	546,238	533,354
	<u>2,975,078</u>	<u>1,885,079</u>	<u>2,975,078</u>	<u>1,885,079</u>
<b>Financial liabilities</b>				
Payables	361,587	426,894	361,587	426,894
Borrowings	825,179	710,248	825,179	710,248
	<u>1,186,766</u>	<u>1,137,142</u>	<u>1,186,766</u>	<u>1,137,142</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

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

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit and loss**

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	0	0
- Statement of Comprehensive Income	0	0
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	24,288	13,517
- Statement of Comprehensive Income	24,288	13,517

**Notes:**

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

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

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

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

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

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

	<b>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	82%	88%
- Overdue	18%	12%

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

**35. FINANCIAL RISK MANAGEMENT (Continued)****(c) Payables****Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2017</u></b>					
Payables	361,587	0	0	361,587	361,587
Borrowings	66,478	263,360	495,341	825,179	825,179
	<u>428,065</u>	<u>263,360</u>	<u>495,341</u>	<u>1,186,766</u>	<u>1,186,766</u>
<b><u>2016</u></b>					
Payables	426,894	0	0	426,894	426,894
Borrowings	76,437	184,997	448,814	710,248	710,248
	<u>503,331</u>	<u>184,997</u>	<u>448,814</u>	<u>1,137,142</u>	<u>1,137,142</u>

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

**35. FINANCIAL RISK MANAGEMENT (Continued)****(c) Payables****Borrowings (continued)**

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

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

	<u>&lt;1 year</u>	<u>&gt;1&lt;2 years</u>	<u>&gt;2&lt;3 years</u>	<u>&gt;3&lt;4 years</u>	<u>&gt;4&lt;5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<b>Weighted Average Effective Interest Rate</b>
	\$	\$	\$	\$	\$	\$	\$	%
<b><u>Year ended 30 June 2017</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	(66,478)	(60,969)	(64,099)	(67,403)	(70,889)	(495,341)	(825,179)	5.08%
Weighted average Effective interest rate	4.70%	5.04%	5.06%	5.08%	5.10%	5.14%		
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	(76,437)	(48,819)	(42,768)	(45,341)	(48,070)	(448,814)	(710,249)	5.59%
Weighted average Effective interest rate	4.67%	5.30%	5.90%	5.90%	5.90%	5.68%		

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF WAGIN

### Report on the Financial Report

#### Opinion

We have audited the financial report of the Shire of Wagin, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Wagin is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

#### Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Shire's Responsibility for the Financial Report**

Shire is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Shire 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 Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Shire's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to page 59 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of the asset consumption ratio and asset renewal funding ratio does not form part of the audited financial report. As a result, we do not express an opinion on management's calculation of these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

**Reporting on Other Legal and Regulatory Requirements**

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) In relation to the Supplementary Ratio Information presented on page 59 of this report we have reviewed the calculations as presented and nothing has come to our attention to suggest that they are not reasonably calculated and based on verifiable information.
- d) All information and explanations required were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE  
Director

Perth

Date: 23 November 2017

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

**RATIO INFORMATION**

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Asset consumption ratio	0.96	0.95	0.73
Asset renewal funding ratio	0.40	0.41	0.45

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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$