



NOTICE OF MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Perenjori will be held on Tuesday 13th December 2016 in the Council Chambers, Fowler Street, Perenjori commencing at 4.00 pm.

Ali Mills
Chief Executive Officer
9th December 2016

Shire of Perenjori Audit Committee Meeting 13th December 2016

Agenda

9th December 2016

Copies forward to:

All Councilors

Cr KJ Pohl
Cr LC Butler
Cr JM Hirsch
Cr LJ Smith

Shire of Perenjori

AGENDA

Audit Committee Meeting

Table of Contents

To be held in the Council Chambers, Fowler Street, Perenjori on the 13th December 2016, to commence at 4.00 pm.

16121	PRELIMINARIES	2
16121.1	RECORD OF ATTENDANCE AND APOLOGIES.....	2
16121.2	CONFIRMATION OF MINUTES	2
16122	ADOPTION OF THE ANNUAL REPORT 2015/2016	2
16122.1	RISK MANAGEMENT REVIEW	4
16123	OTHER BUSINESS	8
16123.1	DATE OF NEXT MEETING / MEETINGS	8
16123.2	CLOSURE	8

16121 PRELIMINARIES**16121.1 RECORD OF ATTENDANCE AND APOLOGIES****16121.2 CONFIRMATION OF MINUTES**

Minutes from the previous Audit Committee meeting held on the 18th August 2016 are attached.

16122 ADOPTION OF THE ANNUAL REPORT 2015/2016

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	CEO – ALI MILLS
RESPONSIBLE OFFICER	CEO – ALI MILLS
REPORT DATE:	18TH AUGUST 2016
ATTACHMENTS	REPORT

Executive Summary

The Annual Report for the 2015/2016 financial year is presented for Council's endorsement, along with the proposed date for the annual electors meeting.

Background

An Annual Report is required to be produced every year after the audit has been completed and upon receipt of the Audit Report.

The 2015/2016 Annual Report has been prepared in accordance with Section 5.53 of the Local Government Act and includes the audited Annual Financial Report.

The Annual Report highlights the Shire of Perenjori achievements in 2015/2016.

For statutory compliance a local government must:

- If the Auditors Report is not available in time for the annual report to be accepted by 31 December, the annual report is to be accepted no later than 2 months after the auditor's report becomes available.
- Advertise the availability of the annual report.
- The date of the Annual Electors Meeting is also required to be set. This meeting must be held within 56 days of acceptance of the Annual Report, which is by 8th February 2017.
- It is proposed that the annual meeting of Electors be held at 5.00 pm on Tuesday 7th February 2017 at the Perenjori Pavilion.
- Fourteen days public notice of the meeting is also required.

The Shire is required to prepare annual financial statements by 30th September and the auditor is to prepare a report in respect of the Financial Statements by 31st December each year.

In general terms the audit demonstrated considerable improvement in internal management practices and more systematic control and accountability over the financial processes.

Statutory Environment

Local Government Act 1995 – s 5.27 – *Electors General Meetings*

(1) A general meeting of the electors of a district is to be held once every financial year.

(2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.

(3) The matters to be discussed at general electors' meetings are to be those prescribed.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership

Risk Management

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk of non-compliance with legislation.	A moderate consequence which is possible resulting in medium level of risk.	The audit is conducted in time and the proposed Electors Committee is planned to be compliant also.

Consultation

RSM

CEO

MCDS

SFO

MIS

Ron Back

Comment

The annual report provides the opportunity for the Shire to summarise for the community the achievements of the Local Government and provide for the community the outcome of the annual audit.

Voting Requirements – Absolute Majority**Officers Recommendation – Item 16122**

That Council by absolute majority and by virtue of section 5.54 of the Local Government Act 1995 resolves to:

- 1. Adopt the 2015/2016 Annual Report for the financial period ending 30 June 2016 for the Shire of Perenjori as presented and attached; and**
- 2. Confirm the date for the Annual Electors Meeting for Tuesday 7th February 2017 in Perenjori and authorise the statutory advertising.**

16122.1 RISK MANAGEMENT REVIEW

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	CEO – ALI MILLS
RESPONSIBLE OFFICER	CEO – ALI MILLS
REPORT DATE:	18TH AUGUST 2016
ATTACHMENTS	RISK REPORT

Executive Summary

The purpose of this report is to provide Council with an updated report reviewing risk management across the organisation.

Background

On 8 February 2013, the Department of Local Government and Communities (Department) advised all local governments via their Circular No 5 regarding the amendments made to the *Local Government (Audit) Regulations 1996*. The amendments to the *Local Government (Audit) Regulations 1996* extend the functions of local government Audit Committees to include reviewing the effectiveness of local government's systems with regard to risk management, internal control, and legislative compliance.

Specifically, the amendments require a local government's CEO to review, at least once every two years, the appropriateness and effectiveness of the local government's systems and procedures with regard to risk management, internal control and legislative compliance. A report must also be provided to the local government's Audit Committee of that review for their consideration. The Audit Committee is to review the CEO's report and submit the results to the Council with a copy of the CEO's report.

The Chief Executive Officer has conducted a review of the Shire's existing systems and procedures. The findings of the review are presented to the Audit Committee in compliance with the requirements.

Below is an extract from the Department's revised Operational Guidelines No 9 re Audit in Local Government (issued in December 2013) giving guidance as to what items to deal with in the three areas of risk management, internal control and legislative compliance:

"Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance are:

Risk Management

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:

- *Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered.*
- *Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time.*
- *Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance*

for risk, particularly in the following areas:

- potential non-compliance with legislation, regulations and standards and local government's policies
- important accounting judgments or estimates that prove to be wrong
- litigation and claims
- misconduct, fraud and theft
- significant business risks, recognizing responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government.

- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported.

Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance.

- Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors.
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk.
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.
- Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment.
- Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

Internal Control

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.

An effective and transparent internal control environment is built on the following key areas:

- integrity and ethics.
- policies and delegated authority.
- levels of responsibilities and authorities.
- audit practices.
- information system access and security.
- management operating style.
- human resource management and practices.

Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

Aspects of an effective control framework will include:

- delegation of authority.

- *documented policies and procedures.*
- *trained and qualified employees.*
- *system controls.*
- *effective policy and process review.*
- *regular internal audits.*
- *documentation of risk identification and assessment.*
- *regular liaison with auditor and legal advisors.*

The following are examples of controls that are typically reviewed:

- *separation of roles and functions, processing and authorization;*
- *control of approval of documents, letters and financial records;*
- *comparison of internal data with other or external sources of information;*
- *limit of direct physical access to assets and records;*
- *control of computer applications and information system standards;*
- *limit access to make changes in data files and systems;*
- *regular maintenance and review of financial control accounts and trial balances;*
- *comparison and analysis of financial results with budgeted amounts;*
- *the arithmetical accuracy and content of records;*
- *report, review and approval of financial payments and reconciliations;*
- *comparison of the result of physical cash and inventory counts with accounting records.*

Legislative Compliance

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:

Monitoring compliance with legislation and regulations.

- *Reviewing the annual Compliance Audit Return and reporting to Council the results of that review.*
- *Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary.*
- *Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints.*
- *Obtaining assurance that adverse trends are identified and review management's plans to deal with these.*
- *Reviewing management disclosures in financial reports of the effect of significant compliance issues.*

Statutory Environment:

Regulation 16 (C) of the *Local Government (Audit) Regulations 1996* requires an audit committee to "review a report given to it by the CEO under Regulation 17(3) and is to (i) report to the Council the result of that review, and (ii) give a copy of that report to the Council."

Regulation 17 (1) of the *Local Government (Audit) Regulations 1996* requires the CEO to "review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

(a) risk management; and

(b) internal control; and

AGENDA13th December 2016*(c) legislative compliance.”*

Regulation 17(2) of the *Local Government (Audit) Regulations 1996* states “the review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every two calendar years.”

Regulation 17(3) requires “the CEO is to report to the audit committee the results of that review.”

The CEO has reviewed the Shires practices and policies relating to risk management, internal control, and legislative compliance. A recent Financial Management Review was conducted which was presented to Council in August 2016. The results of the findings are that the Shire has sufficient systems and procedures in place to deal with all requirements in the Operational Guideline No 9, and that they are regularly reviewed for continuous improvement.

Policy Implications

No policy relates to this requirement.

Financial Implications

There are no financial implications for this process.

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire’s position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

Risk Management

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk of non-compliance with legislation.	A moderate consequence which is possible resulting in medium level of risk.	Ongoing development of officers knowledge of legislative requirements and ongoing updating of the Audit committee awareness of its responsibilities mitigates the potential for a non-compliant event occurring.

Consultation

Senior Staff

Comment

Nil

Voting Requirements – Simple Majority**Officers Recommendation – Item 16122.1**

That the Audit Committee:

- 1. Reviews the Chief Executive Officer’s Report, CEO Biennial Review Report attachment 1**
- 2. Reports to the Council the results of that review.**
- 3. Provides a copy of the Chief Executive Officer’s Report to the Council.**

16123 OTHER BUSINESS

16123.1 DATE OF NEXT MEETING / MEETINGS

To be advised.

16123.2 CLOSURE



Perenjori
Embrace Opportunity

Attachments

*Audit Committee Meeting
13th December 2016*



Perenjori
Embrace Opportunity

*Attachment
16122*

Annual Report 2015/16

*Audit Committee Meeting
13th December 2016*



ANNUAL REPORT 2015/2016



Shire of Perenjori

56 Fowler Street

PO Box 22

Perenjori WA 6620

Telephone: (08) 9973 0100 Facsimile: (08) 9973 1029

Email: admin@perenjori.wa.gov.au

Contents

GENERAL INFORMATION	4
ELECTED MEMBERS	5
PRESIDENTS REPORT	6-7
CHIEF EXECUTIVE OFFICER REPORT	8-9
MANAGER CORPORATE DEVELOPMENT SERVICES.....	10-14
ENVIRONMENTAL HEALTH AND BUILDING	15
AQUATIC CENTRE REPORT	16
MANAGER INFRASTRUCTURE REPORT	17
COMMUNITY DEVELOPMENT REPORT	18-20
COMMUNITY STRATEGIC PLAN & CORPORATE BUSINESS PLAN	21
STATUTORY REPORTS	22-23
PROGRESS REPORT PROJECTS.....	24-26
FINANCIAL REPORT.....	27-85
Statement by Chief Executive Officer	29
Income Statement by Nature or Type	30
Income Statement by Program	31
Balance Sheet	32
Statement of Changes in Equity	33
Cash Flow Statement	34
Rate Setting Statement	35
Notes to and forming part of the Financial Report	36-82
Independent Audit Report	83-84
Supplementary Ratio Information	85

General Information

The Perenjori Shire Council consists of nine elected members from whom a President is elected each two years. There are four wards in the Shire being Bowgada Ward (one member); Perenjori Ward (four members); Latham/Caron Ward (three members) and Maya Ward (one member). The Current Councilors are:

Laurie C Butler (President)	Perenjori Ward	Retiring 2017	Ph: (08) 9973 1117
Peter J Waterhouse (D/President)	Maya Ward	Retiring 2017	Ph: (08) 9664 2085
Joanne M Hirsch	Caron/Latham Ward	Retiring 2019	Ph: (08) 9973 6015
Graeme K Reid	Caron/Latham Ward	Retiring 2017	Ph: (08) 9973 6043
John R Cunningham	Bowgada Ward	Retiring 2019	Ph: (08) 9973 4015
Robin L Spencer	Perenjori Ward	Retiring 2019	Ph: (08) 9973 1173
Rodney P Desmond	Perenjori Ward	Retiring 2017	Ph: (08) 9973 1200
Kirk J Pohl	Perenjori Ward	Retiring 2019	Ph: (08) 9973 1020
Lisa J Smith	Perenjori Ward	Retiring 2017	Ph: (08) 9973 1162

Elections are normally held biannually in October and 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 important for the effectiveness of local government. Residents not included on the State electoral roll should contact the Australian Electoral Commission. You do not need to be a ratepayer to be on the electoral roll and to vote in Council elections.

Council Meetings are generally held on the third Thursday of every month (excluding January) and are open to the public. Meeting agendas and minutes and other documents are available on the Shire website, the Perenjori shire office and the Latham library. An Annual Meeting of Electors is held each financial year for which notice is published in the local newspaper.

Population	924
Distance from Perth	354 km
Number of Electors	353
Area	8,214 sq. km
Towns	Perenjori, Latham
Libraries	Perenjori, Latham
Primary Schools	Perenjori
Length of Sealed Road	243 km
Length of Unsealed Road	1,453 km
Rates Income	\$2 616 541
Total Revenue	\$6 416 745

Elected Members



Cr Kirk Pohl



Cr Rodney Desmond



Cr Lisa Smith



Cr John Cunningham



Cr Laurie Butler



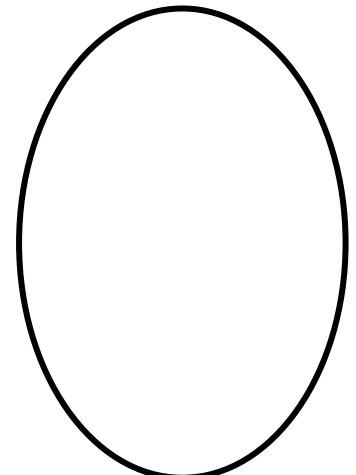
**Cr Peter Waterhouse
Deputy President**



Cr Graeme Reid



Cr Robin Spencer



Cr Joanne Hirsch

Shire President's Report

Cr Laurie Butler



Introduction

I was pleased to be elected as the incoming Shire President in October 2015, along with the election of three new Councillors being Cr Joanne Hirsch, Cr Kirk Pohl and Cr Robin Spencer. I acknowledge the commitment and dedication from the outgoing President, Chris King. Chris has served on Council for 16 years with other roles as a Councillor and Deputy Shire President. Our community has benefited greatly from Chris's skills, experience and networks, and fittingly Council approved Chris for the award of a Freeman of the Shire.

Industry

Agriculture continues to be the major activity for most of the residents of Perenjori and the weather blessed us this year with some good rains. I hope that farmers have done well and that the year will provide relief and fill the void from previous challenging years.

It is important we continue to look for other industry's and opportunity's for our community. Auscarbon is establishing itself in Perenjori as a privately owned Western Australian company committed to carbon removal (sequestration) from the atmosphere by planting biodiverse forest 'carbon sinks', using over thirty endemic drought resistant species. With a focus on re-generating degraded land it provides another opportunity for the agriculture industry.

Mining has continued to have its ebb and flows, fluctuating with the market, however considerable time has been spent with various companies in the iron Ore area supporting and assisting their continued development. We have observed the "tightening of belts" across the resources sector which has had a ripple effect on business and individuals across our community. It is in our interests to support and assist mining where ever reasonable to assist with the sustainability of this industry.

Tourism is an opportunity area which is slowly being developed to offer visitors unique experiences across the Shire. Our wonderful Museum and volunteers offer an excellent attraction which continues to receive very positive feedback from all who visit. Our participation in the Wildflower Country ensures we remain a part of the Mid West agenda and that the unique environment and experience of this area is realised.

Council has been made aware of some new operations in the near future in gold and tungsten mining. More details of these ventures will be known in the coming year.

Unfortunately the solar project with Abengoa has not developed, however the opportunity still exists for others to pursue which will be a focus for Council in the coming year.

Shire President's Report

Cr Laurie Butler



Planning

The Strategic Community Plan and Corporate Business Plan continue to be implemented, with a significant amount from each able to be ticked off for this year.

It is pleasing to note that the following has been achieved and can be ticked off from the plans which are benefiting various sectors of our community:

- Continuation of the Townscape Enhancement project
- Completion of stage 1 of the Business Incubator Project
- Extensive road work program – \$3.086 million dollars expended, this has included various private works for mining offering local contractor's opportunity for good earnings as well as our own road network projects.
- Community Events – we continue our support for opportunities to celebrate our lifestyle and the gathering of people in Perenjori.

Regional Cooperation

I continue to represent Perenjori at the Northern Country Zone meetings with other Presidents and CEO's from the Mid-west region.

Thanks

I take this opportunity to thank all Councillors for their considerable contribution to the community throughout the year. I particularly acknowledge and thank Chris King for his efforts as President and also Cr Peter Waterhouse for his support as Deputy President and his willingness to step in when needed is appreciated.

The CEO Ali Mills and all the staff are to be congratulated on the achievements of the past 12 months with their application and dedication they have risen to the challenges to provide benefits for our community for now and into the future.



Chief Executive Officer's Report

Ms Ali Mills



Introduction

This year has been a focus on improvements in customer service and safety across all work areas. This has involved better response times to queries and feedback, improving information to the community, continuing the safety committee and health and well-being activities for staff, and developing a culture of continuous improvement. We have seen a stabilisation of our workforce which is reflective of the economic situation overall, and this has enabled us to progress planned works and the achievement of strategic objectives. It has been a challenging year with significant rainfall impacts on our road network, which will be addressed in the coming financial year.

Governance

Compliance requirements are ever increasing with the continued mandated Integrated Planning. The following documents have been developed and/or reviewed:

- ◆ Enterprise Bargaining Agreement
- ◆ Corporate Business Plan
- ◆ Workforce Development Plan
- ◆ Compliance Audit Return
- ◆ Delegations Register
- ◆ Policy Manual
- ◆ Induction Manual

These documents provide the framework for many of our operations providing staff with the guidance to ensure we remain consistent and fair across all areas. It is pleasing to see the efforts of staff across all areas and the progress towards achieving the objectives and strategies in the Community Strategic Plan.

Staffing

This year saw Fair Work Australia endorse the new EBA providing staff with:

- ◆ 5 weeks annual leave
- ◆ 7 years pro rata long service leave
- ◆ CPI annual pay increases (based on performance)

We have continued to work on a multi-skilling approach to our staffing offering opportunities for staff to expand their skill sets to ensure when people are away that tasks can still be completed.

I acknowledge the very hard work and patience of all staff and have been very impressed with the level of commitment and passion many have for our community.

Chief Executive Officer's Report

Ms Ali Mills



Major Projects

Council continues to make significant investment in the future growth capacity of the townsite. As in the previous year funding was secured this year and has required efforts to implement and enable the planned projects to progress. Acknowledgements must go to our funding providers, with the State Governments, Royalty for Regions Program our main contributor, along with the Mid West Development Commission. The following projects have been undertaken:

- ◆ Townscape revitalisation, commencement
- ◆ Caravan Park, new septic
- ◆ Completion of Stage 1 of the Business Incubator Project
- ◆ Extensive Road maintenance and Construction program to date across the Shire has been delivered in the year, with \$2.834 million dollars expended
- ◆ Contributions to the CRC supporting the Café development
- ◆ Community Theatre/Movie space in the town Hall



Mining Activity

There continues to be significant benefits and impacts from mining which no doubt will continue to occur for years to come. Continued negotiations have occurred to ensure the community benefits from any opportunity in this industry area. Significant private works have continued to take place for Mount Gibson Mining and Karara Mining with the repairs and maintenance to roads. Mount Gibson's Infrastructure Fund is continuing to provide \$200,000 per year to the Shire which has enabled the securing of further funds to ensure the upkeep, replacement and purchase of infrastructure occurs.

Karara mining has faced continued challenges to reduce costs with the fluctuating Australian dollar and dropping iron ore prices. We continue to support and build relations with Karara working together for our community.

Planning and Regional Cooperation

LandCorp are looking at further development in the industrial area off England Crescent to provide access to larger blocks. They will develop and sell the land after the completion of a business case for the area is endorsed by LandCorp.

Dialogue is continuing with the Shire of Morawa to establish a joint Waste Management facility with transfer stations in each community and a landfill site at a location between the two towns. We also continue to access specialist skills and services from the City of Greater Geraldton and Shire of Chapman Valley.

Chief Executive Officer's Report

Ms Ali Mills



Community Events

Community events continue to be important to gather residents of the Shire to recognize and celebrate significant achievements and special days. Whilst they consume our human resources they have continued to bring the town together, provide opportunity for socializing and for dialogue with staff and council. For such a small shire we have delivered some quality and memorable events and acknowledge the efforts of community groups who also deliver for our community.



Final Remarks

The Shire of Perenjori continues to be focussed on making appropriate investments in the infrastructure and capabilities that will pay dividends for the community. This includes maintaining an ambitious roads program and progressively upgrading key community assets.

The Shire continues to work with stakeholders and project proponents to ensure that we can maximise the long term benefits of mining projects.

In closing I'd like to acknowledge and thank outgoing Shire President, Chris King for his support and guidance along with Cr Laurie Butler, our current Shire President, as well as all Councillors and staff for their hard work and commitment over the year.



Manager Corporate & Development Services Report



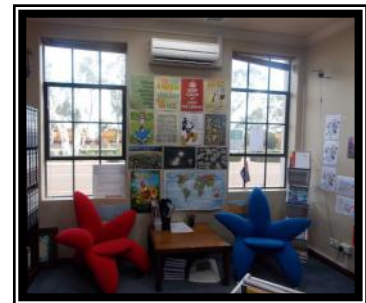
Customer Service

the Shire places the highest priority on customer service and expects this level of service to come from every employee of the organisation.

The Shire welcomes feedback from the community and visitors on its services and service standards and this includes suggestions for improvements.

The Shire provides the following services;

- ◆ Libraries in the Perenjori Shire office and Latham Post Office;
- ◆ There is a vast array of books, audio and DVD'S that can be ordered through the WA Library;
- ◆ Enquiries and applications for planning, building and health services through contracted professionals;
- ◆ Vehicle licencing services on behalf of the Department of Transport;
- ◆ Community bus hire;
- ◆ Facilities hire;
- ◆ A variety of accommodation in the Caravan Park
- ◆ Quality roads, parks and recreation facilities.



Rates & Debtors

The Council adopted a rate increase of 3% in 2015/2016 (not including Mining UV) which remains below that adopted in its Financial Plan. The Council considers that though below the planned increase the difficult circumstances in the economy requires tight controls on increasing Shire revenue through rates. This will likely change in future years as the State Government places increasing demands on local government to comply with their Long Term Financial Plans.

The Council must also consider the expectations of the State Government that local governments ensure their own sources of income are sufficient to avoid reliance on grants. To ensure equity and fairness among the ratepayers the Council sets different rates for different activities such as mining, farming and residential activities. The Shire also vigorously pursues outstanding rates and other debts through legal processes. Ultimately it is fair and necessary that each property in the Shire contributes to the facilities, services and well-being of the Shire.

Loans

The Shire raised one loan to replace a grader on which the lease had expired. It is more economical to purchase machinery than to lease especially as local governments have access to low interest Treasury loans.

At the end of this financial year loans totalled \$1,487,856 which includes \$418,753 for housing; \$491,910 for the swimming pool; \$314,145 for land developments and \$263,048 for the grader.

Loans are repaid using general purpose revenue. The Shire acquires loans from the State Treasury at significantly reduced interest rates. Loans were budgeted for the Early Childhood Centre and Caron Dam re-roofing but these did not eventuate.

Manager Corporate & Development Services Report



Assets

The Shire has \$89,932,846 in total assets (property, plant, equipment, infrastructure) of which \$2,529,542 is available cash (not including Reserves). Maintenance of the assets is an ongoing challenge for the Shire particularly the cost of maintaining roads and other infrastructure such as parks, gardens, footpaths, housing and buildings.

Information on Major Expenditures

Transport

The maintenance of roads is the largest cost area for almost all local governments. Perenjori Shire has significant road infrastructure to maintain of 237 kilometres of sealed roads and 1,453 kilometres of unsealed roads. The length and type of roads (sealed or unsealed) determines the level of road grants. In this past year expenditure on roads was \$2,833,757. These costs increase each year as materials, vehicles, labour and administration costs continue to increase. Administration costs include a significant cost for compliance reporting that State & Federal Governments impose on local governments.

Recreation & Culture

Expenditure on Recreation and Culture was \$1,218,972 which encompasses all of the Shire's recreation facilities such as the swimming pool, public halls, pavilion, parks, gardens and includes grants to sporting clubs in Latham and Perenjori.

Other Property & Services

Other Property & Services expenditure was \$548,963 which encompasses hire of plant and equipment, private works for external organisations, depreciation costs of plant, fuel purchase, maintenance & repairs to the vehicle fleet, and the employment expenses associated with outside employees. Much of these costs are refunded from charges to the organisations requiring private works.

Governance

Governance is the cost to a local government of providing services to the elected Council members enabling them to make the best possible decisions for the Shire. This cost includes the provision of information to members, documents, fees to attend meetings, conferences, various government sponsored meetings (eg main Roads WA) which are critical in ensuring the Shire acquires its fair share of funding. Members sitting fees and Presidential and Deputy Presidential allowances accounted for \$46,960 of the total cost of \$245,331 which is not significant compared to many other local governments. Other costs for elected members relate to administration, training and insurances. The State Government is considering compulsory training for elected members and should this happen it is possible local governments will have to pay for that training.

Manager Corporate & Development Services Report



Economic Services

The Economic Services costs of \$742,198 includes the cost associated with the Caravan Park, standpipes, dams, tourism and tourist promotion including maintenance, cleaning, wages and also includes costs of the railway barracks and also the accommodation village. Eighty five percent of the accommodation village belongs to the village owners and shows as a cost to the Shire although this is covered by the actual income. Total income for the Caravan Park was \$210,579.



Housing

The expenditure on the Shire's housing was \$480,567 which is the cost of insurance, repairs, maintenance and any upgrades. The Shire owns a substantial housing asset of 27 houses and as the maintenance and repairs has been intensive in the past two years, this cost is expected to reduce as the maintenance required is now much less than in the recent past. Income from housing which is provided for employees and some private rental was \$95,065.



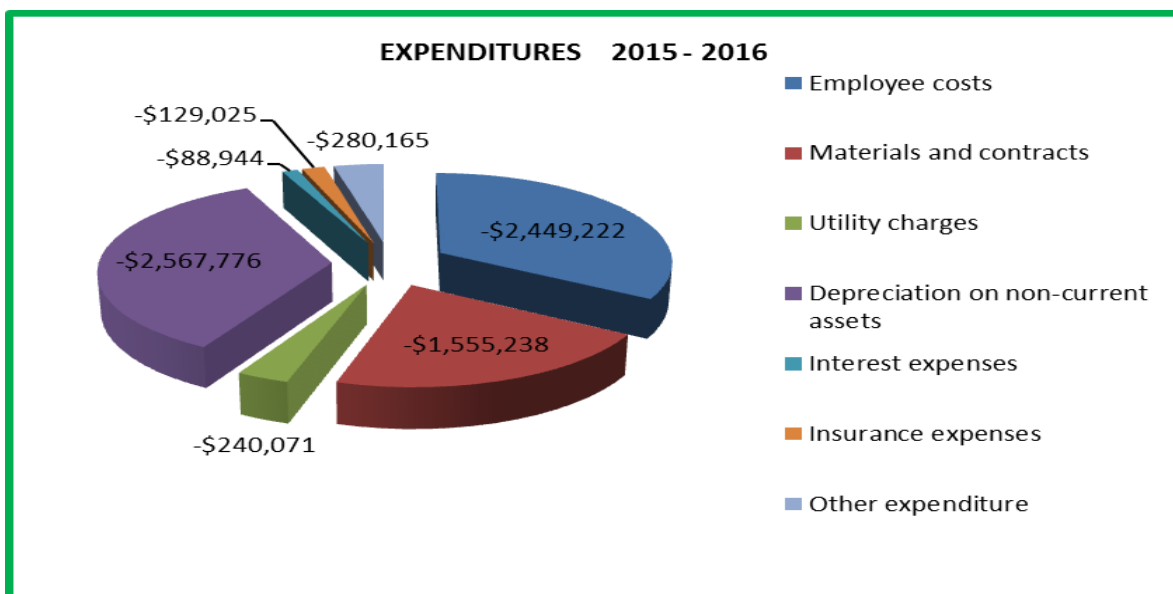
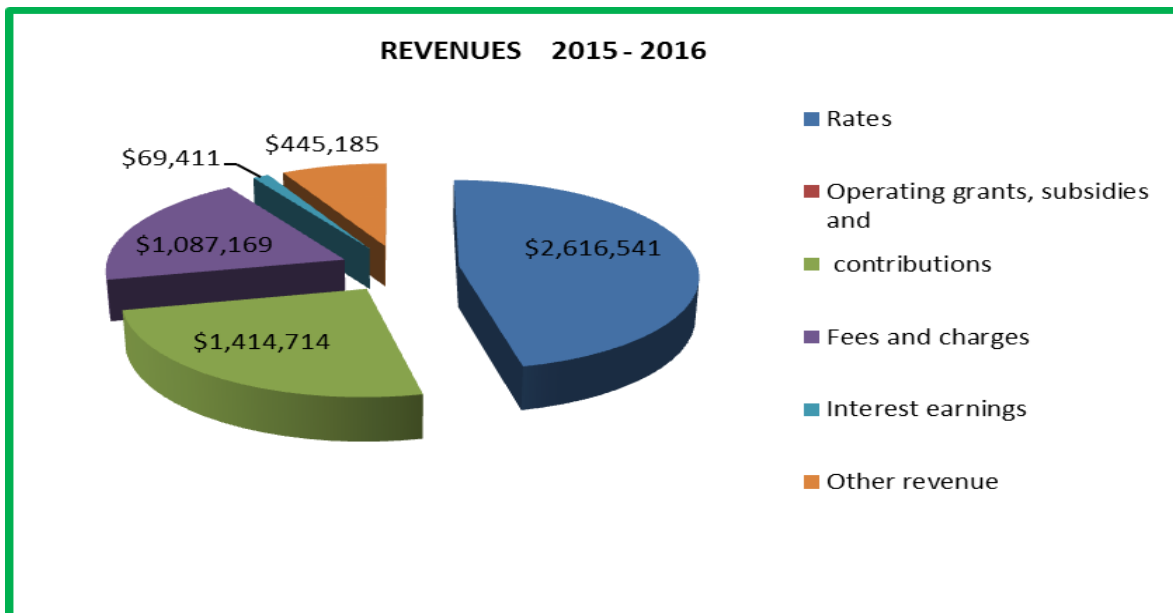
Manager Corporate & Development Services Report

Mr Peter Money



Below are graphical representations of the final income and expenditures by **Nature and Type** for the year ending 30th June 2016. Grants, subsidies & contributions includes grants from Federal taxes (GST) for the maintaining of roads and general infrastructure. Grants for roads in particular are to ensure the maintenance of vital infrastructure which no local government is expected to, nor could they, provide through local rates.

A full explanation of the components of the headings is found in the financial statements.

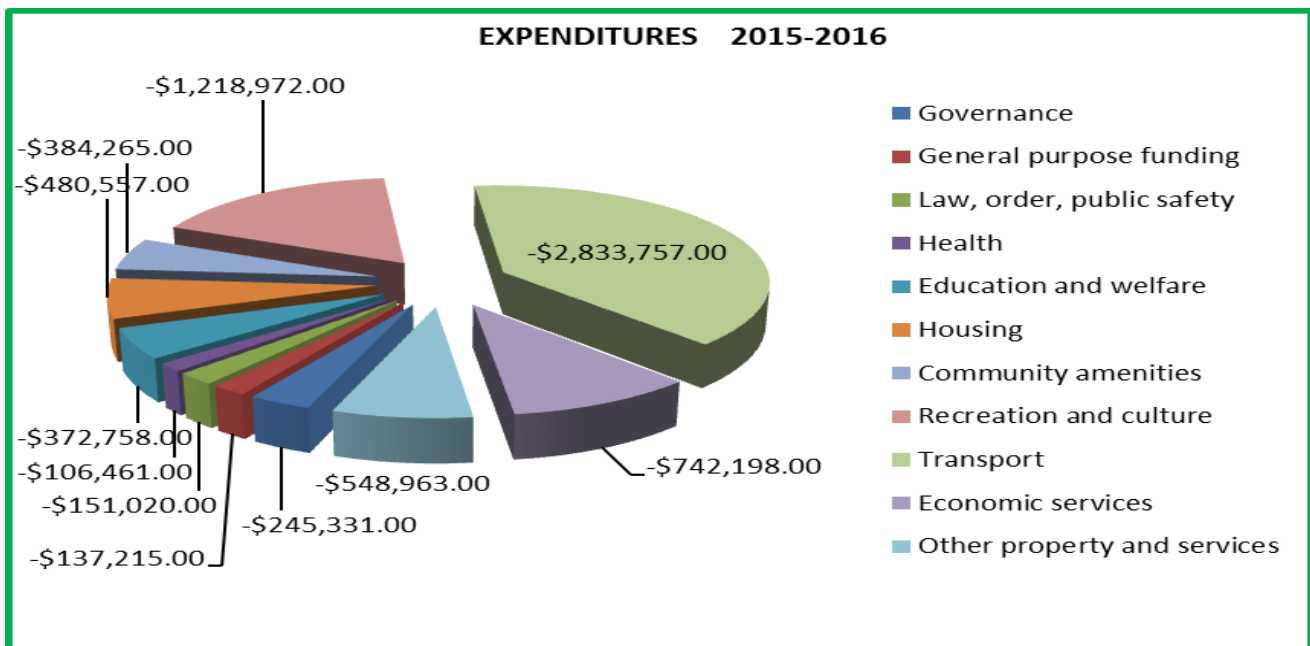
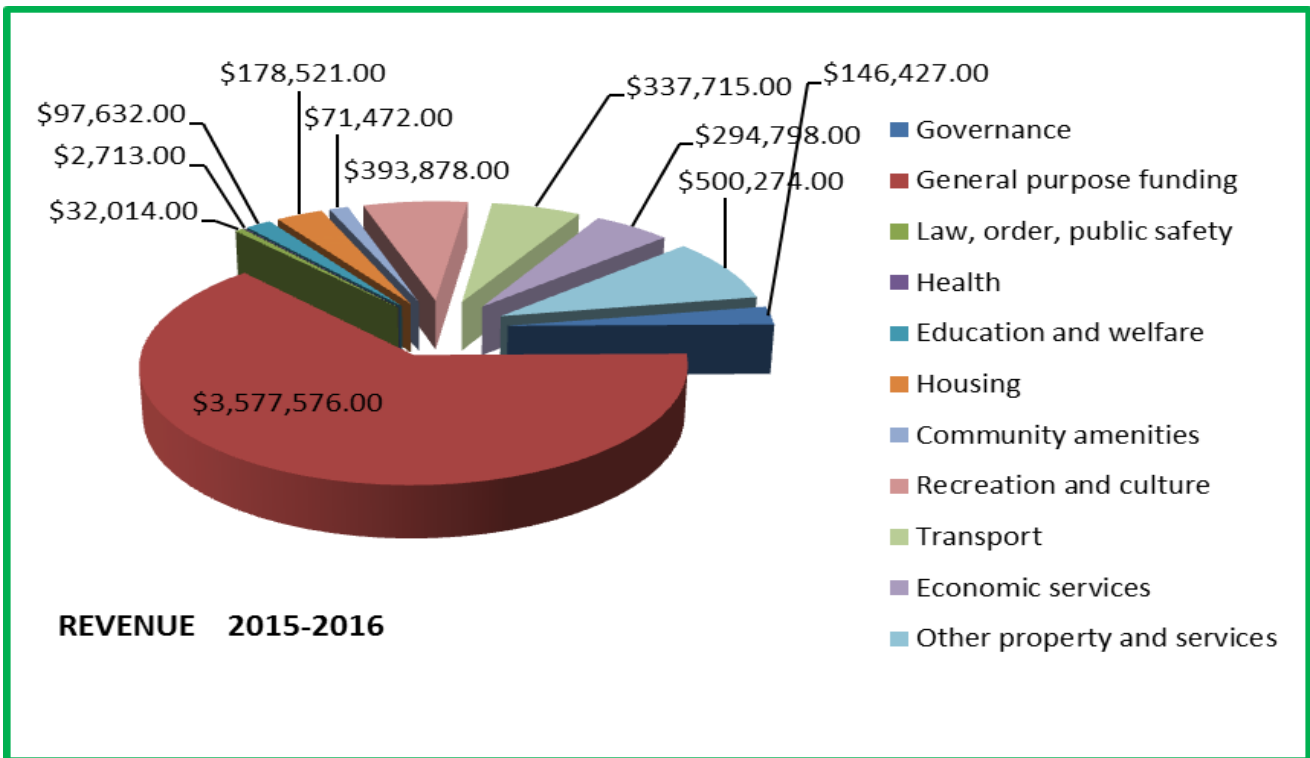


Manager Corporate & Development Services Report

Mr Peter Money



Below is a more detailed breakdown of the Shire's revenue and expenditure by **Programme** and for which there are more details in the attached audited financial statements. The purpose of these graphs to easily identify more detailed income and expenditure.



Environmental Health, Building & Planning Report

Contracted Environmental Health & Building
Officers will regulate the
following functions;

- ◆ Environmental health matters;
- ◆ Environmental protection service;
- ◆ Building licence approvals;
- ◆ Town planning (statutory and strategic);
- ◆ Food safety and hygiene;
- ◆ Water quality;
- ◆ Noise abatement;
- ◆ Occupational health & safety;
- ◆ Management of the public pool;
- ◆ Swimming pool inspections;
- ◆ Public buildings;
- ◆ Waste management and recycling;
- ◆ DEP waste disposal site licences;
- Shire building construction projects.

Health, Building & Planning

The responsibility for all environmental health, building and planning services rests with local government. This includes ensuring buildings and health matters meet legislative requirements. The Shire acquires these specialist services from external providers and this is managed by the Manager of Corporate & Development Services.

The Shire aims to provide excellent service to its customers through direct liaison with the customer and the service providers. The Shire prefers to use a cooperative approach to health, building and planning issues but is still bound by legislation and at times, enforcement is necessary

Unfortunately at times the service providers can be exceptionally busy and there can be delays in providing the service standards we would like.



Waste Management

The Shire contracts its waste management collection in Perenjori & Latham town sites and this is proving to be cost effective and efficient.

The Perenjori Shire is working with the Shire of Morawa to develop a joint waste site which will be located between the two Shires at a site yet to be decided. When this is finalised there will be Transfer Stations in Latham and Perenjori where locals can dispose of their waste which will be taken to the waste site at regular intervals.

Caravan Park

The Caravan park continues to attract increasing patronage and the feedback is that new and return visitors enjoy the quiet bush type surroundings of the Park. The Shire receives regular compliments about the cleanliness of the accommodation and ablutions in the Park.

The Shire is in the process of constructing a stand-alone disabled ablution facility in the centre of the Park. This will cater for the growing number of people with disabilities who travel in more remote areas and also enables the Shire to comply with national disability standards.

The Council varies the cost of accommodation at times to ensure the best possible income for the Park at a reasonable and competitive rate and even then most caravan parks require some subsidies from the Shire's municipal funds to ensure quality accommodation is provided.

Perenjori Shire is fortunate to have additional accommodation with the AV units as these help subsidise the Caravan Park income. A busy caravan park attracts more people to the area and this in turn provides additional employment and commercial benefits to the community.

The Council also aims to see the Park operate as a business and preferably make a profit and the CEO is working towards this goal.

Perenjori Aquatic Centre

Mr Chris Johnson



The Facility

The Aquatic Facility continues its monthly microbiological water testing ensuring we maintain water quality. As well as constantly improving our safety rating in hopes of achieving a perfect score next time we are audited.

Attendance Figures

2015-16 Figures	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	Total	2014- 15
Adult		194	289	316	324	397	258		1778	1231
Child		253	224	344	300	566	294		1981	1529
Concess		0	2	14	18	5	0		39	50
Under 2		13	10	29	30	16	11		109	114
Specta- tor		34	27	46	17	18	63		205	205
2014-15	40	452	311	662	462	830	339	33		
Total		494	552	749	689	100 2	626		4112	3129

(Comparing season 2015/16 to the previous season)

The programs

Despite running a shorter season, last season still brought in greater numbers than the year before. The October School holidays were a week later than usual, and the pool closed on the last day of March.

Throughout the season we once again offered the Aqua Aerobics class, however this slowly fell through as numbers had to confirm prior to the instructor committing from Morawa. Swimming Lessons ranged from the Vac Swim program, in-school lessons and even the very popular water familiarization classes which got parents in the water with little ones to build water confidence and safety.

The Future

There are a few upcoming exciting plans and possible improvements we could see at the centre in the future. Council is looking into Solar Panels to power the plant room, as power is such a large expenditure when it comes to plant and pump operations.

Some new equipment and flooring in the gym is being investigated.

Finally, the showers in the change rooms are being quoted for push buttons in order to save water.

Manager of Infrastructure Services Report

Mr Ken Markham



Transport

The Shire of Perenjori services an area of over 8,200 square kilometres through a network of over 243 kilometres of sealed road and 1,453 kilometres of unsealed roads.

Works completed for the 2015/16 financial year include:

- Seal extension of 3 kilometres on the Perenjori Rothsay Road.
- Reseal of Perenjori town streets
- Seal widening of 6 kilometres of Boundary Road
- Reconstruction of widenings on Coorow Latham Road
- Gravelling of 5 kilometres of Bowgada East Road
- Gravelling and drainage improvements on 2 kilometres of Back Bowgada Road
- Gravelling of 5 kilometers of Watson Road
- Gravelling of 4 kilometres of Caffin Road
- Seal widening and reseal of Bunjil North East Road

The Shire replaced several items of plant during the financial year including:

- Manager Infrastructure Services vehicle
- 3 Mitsubishi Triton utilities
- 2 Volvo graders
- Multi tyre roller
- Ride on lawn mower for Parks & Gardens



Parks and Gardens

Council staff continued maintaining and upgrading the Shire's ovals, parks, gardens and improvements to Council's housing gardens. The redevelopment of the old pool site was also started with the construction of a new park with help from the community.

Waste Management

The Perenjori Shire has been looking at the development of a new joint waste facility with the Shire of Morawa with the current sites at Perenjori and Latham to become transfer stations. This is due to the sites reaching capacity. This process will take a few more years before it is complete.



Graphic Design Development Officer's Report

Ms Christina Laue

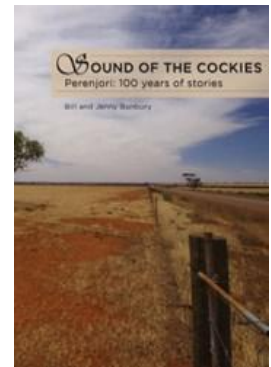


Graphic Design Development Officer

Christina Laue (since September 2015). This year has seen some great events take place in the Shire celebrating life in Perenjori.

Agricultural Show

The financial year started with the 75th Perenjori and Districts Agricultural show. The book launch 'Sound of the Cockies' was a great success and a compliment to all citizens who contributed to the centenary book.



Australia Day Awards

The year commenced with the Premiers Australia Day Awards, with a celebration on the 26th of January. The event worked really well including the revealing of the Jessie Laurance sculpture, as around 80 people attended with awards presented by Shire President Laurie Butler and Delys Fraser giving a welcome to country speech. Overall winners of the three categories were:

Under 25 Citizen of the Year: Ethan Hardingham
Event/Group of the Year: Latham P&C
Citizen of the year: Fiona Hardingham



Other Events

Council continues to support a number of events and activities across the year, with some of these organised by Shire staff and others initiated by other groups with Council support through cash and / or resources. These events include:

- ◆ Disability awareness Wheelchair Basketball
- ◆ Seniors & Volunteer Dinner
- ◆ Christmas Street Party
- ◆ Pink Stumps Cricket Day
- ◆ Rottnest Swim
- ◆ Everything Must Go – Comedy show
- ◆ Nissan Car Club Rally – Duel in the Dirt
- ◆ Movie Night – Alvin and the Chipmunks
- Anzac Day Centenary



Graphic Design Development Officer's Report

Ms Christina Laue



Community Engagement/Communication Tools

- ◆ Facebook 'Shire of Perenjori' got successfully established,
- ◆ As well as 'Youth Centre Perenjori' and 'Perenjori Early Childhood Centre'
- ◆ Regular Website news updates
- ◆ Monthly Voice articles in the Bush Telegraph
- ◆ Fortnightly advertising of events, news and courses in Bush Telegraph
- ◆ Occasional Communication via the school newsletter
- ◆ Letter box drop
- ◆ Weekly Notice Board updates at the Shire office, the Hotel, the CRC, the Village Green, the museum and the Caravan Park
- ◆ Email
- ◆ Surveys via mail and email
- ◆ Word of mouth, one on one consultation

Perenjori Community Benefit Fund

Close to \$70,000 has been distributed throughout the community to clubs and groups working to improve their activities for the Perenjori Community. A big thanks to the contributor of this fund being Mount Gibson Mining. The following groups have been supported by the fund;

Round 7

- Perenjori Bush Fire Brigade - Building of Meeting room - \$9,722
- Latham Golf and Bowls Club – Upgrade of coolroom - \$ 9,850
- Nissan Car Club – Off road race - \$8,000
- Perenjori Sports Club – to replace Leach drain system – \$5,000
- Townscape Enhancement Committee – Geoff Trott Memorial Park - \$20,000

Round 8

- Perenjori Agricultural Society – 76th show - \$13,966
- Community Resource Centre – Alfresco are for Wheat Bean Café - \$16,200
- P & C – Shade Sail Manufacture - \$11,751
- R.S.L – Steel sculpture - \$7,790



Our "Junior Council " Participants

Wildflower Country Way

During this period the Shire of Perenjori continued to promote itself, through advertising in the Golden Outback brochure, taking out a two page advert, promoting the Wildflower Way trail. The trail starts in Dalwallinu and heads up to Geraldton creating interpretive signage in Perenjori along with a number of other towns. The Shire of Perenjori is a member of the Wildflower Country Project and has attended tourist meetings.

CRC's Perenjori Christmas Street Party

The Shire supported the community to organise and run a street Christmas Party. This was a big success, with Santa arriving on his Fire Truck to give out presents to the children of the community.

Junior Council program

The Shire of Perenjori Junior Council Program is a new initiative for 2016.

Junior Council engages local high school students in a one year program. The Program enables students to develop their communication and leadership skills, learn about local government and our community, and participate in decision making processes. Around six young people attend twice a month this program, facilitated by CEO Ali Mills and Christina Laue.

Club Development Officer's Report

Ms Lara Stanley



Club Development

Club members totalling over 160 have access to Club Connections Newsletters and four Mini Review Newsletters per year. Each newsletter provides information to clubs about latest events and training opportunities, as well as new grants and other topical information regarding health and fitness which have been identified by community members and Sporting Associations as needing to be promoted.

Kidsport

KidSport enables eligible Western Australian children aged 5-18 years to participate in community sport and recreation by offering them financial assistance towards club fees. We have 10 clubs signed up for Kidsport in Perenjori, Morawa and Three Springs. Vouchers have been issued for 86 individuals with funds totalling \$9000.50 provided to clubs. (over clubs in Mingenew, Morawa, Three Springs, Carnamah, Coorow and Perenjori)

Other Projects

- Database for Clubs and Club Contacts of 161 e-mail addresses reviewed and updated.
- 8 Newsletters produced and sent out annually.
- In the Shire of Perenjori 8 out of 9 active clubs fully involved or has occasional dealings with the Club Development Officer.
- In the Shire of Morawa 6 out of 10 active clubs fully involved with the Club Development officer.
- In the Shire of Three Springs 8 out of 9 active clubs fully involved or has occasional dealings with the Club Development Officer.



Facebook Followers: 160 (69% women, 30% men), with some posts reaching between 260-400 people. Not just the followers are engaged in the posts. In May 2016, 85% of females in the broader network were engaged in the posts, when only 69% were fans of the Facebook page.



Team App followers: 8 (2x Morawa Clubs registered for Team App, 2x Perenjori Clubs registered for Team App, 1x Three Springs Club Registered for Team App, 2x North Midlands Associations Registered for Team App)

Workshops: Candor Training sessions – “Dine for Success”, “Powerful Committees that make a real difference” and “7 Steps to Building High Performing Teams”. General workshop attendance average: 17% of clubs across all 3 shires attending workshops as an average minimum with up to 28% of clubs represented as a maximum so far. Club Development Officer had a 1 on 1 mentoring sessions for one club.

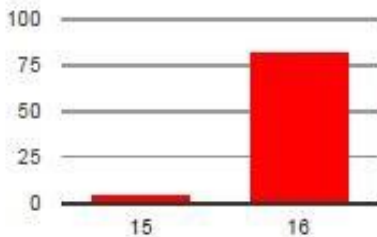


86 vouchers
78 unique kids

\$9,000.50
Funded

Jul 2015 - Jun 2016
Date range

Total per year



6 Local governments

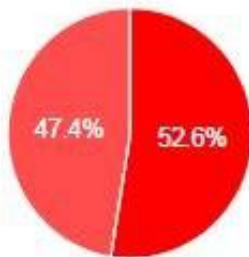
Top LGs

Local Government	Count	Percentage
Morawa	65	75.6%
Camamah	11	12.8%
Perenjori	4	4.7%
Coorow	3	3.5%
Three Springs	2	2.3%
Mingenew	1	1.2%

Top suburbs

Suburb	Count	Percentage
Morawa	62	72.1%
Camamah	11	12.8%
Perenjori	4	4.7%
Leeman	3	3.5%
Mt Magnet	2	2.3%
Three Springs	2	2.3%
Toodyay	1	1.2%
Mingenew	1	1.2%

Gender

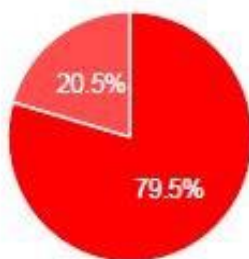


37 girls | 41 boys

Top 10 clubs (13 in total)

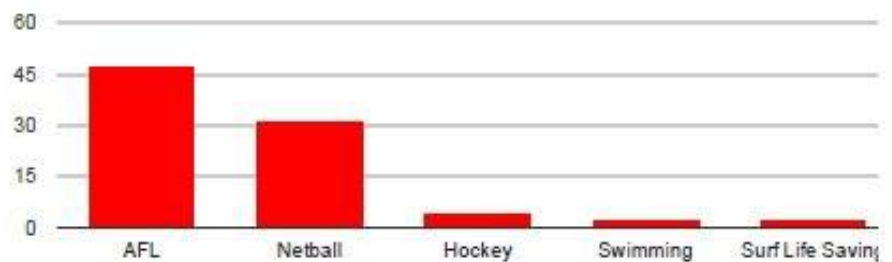
Club	Count	Percentage
Morawa Football Club Inc	41	47.7%
Morawa Netball Club Inc	18	20.9%
Perenjori/Carnamah Football Club	6	7.0%
Camamah Netball Club Inc	5	5.8%
Morawa Hockey	3	3.5%
Turquoise Coast Netball Association	3	3.5%
Perenjori Netball Club	3	3.5%
Champion Bay Surf Life Saving Club	2	2.3%
Morawa Amateur Swimming Club Inc	1	1.2%
Mingenew Football Club	1	1.2%

Registered with a club before

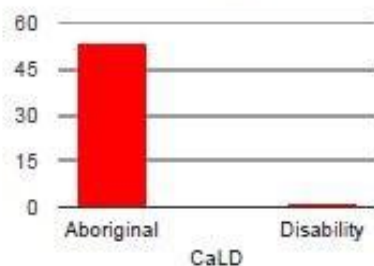


16 Registered | 62 Not registered

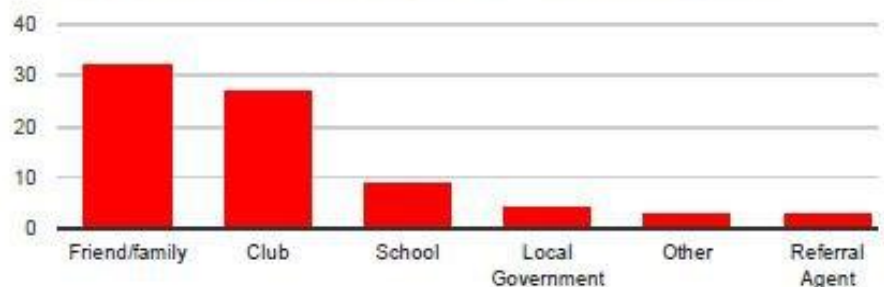
Top sports



Diversity



How they are hearing about KidSport



Statutory Reports

1. National Competition Policy (NCP)

In accordance with the Competition Policy Reform Act 1995, the Shire of Perenjori is required to report annually on its operations to ensure it caused neither advantage nor disadvantage due to its status as a public enterprise.

Specifically, clause 7 of the Competition Statement requires consideration of the following areas:

- Structural reform of public monopolies;
- Implementation and review of competitive neutrality principles; and
- Review of Local Laws.

The Perenjori Caravan Park is the only business activity to fall within the scope of the Policy in that it generates around \$200,000 revenue per annum. The Caravan Park is a natural monopoly with rates set that are competitive and attract the best possible balance between income and optimum occupancy.

2. Strategic Community Plan 2013 - 2023

The Shire of Perenjori Strategic Community Plan will reflect a vision for the future and will be the principal strategic guide for future planning and activities. Based on community engagement the Shire has set out a vision for the future and captured the community's aspirations and values.

A strategic objective has been developed for each of the four key areas of community interest being economic, environmental, social and civic leadership. Desired outcomes have been determined to achieve each of the four objectives after considering the Shire's current and future resources along with demographic trends.

Strategic plans are only effective if resourced adequately to ensure an outcome. The strategies are prioritised and actions applied (after an assessment of available resources) through the Corporate Business Plan and subsequently the Annual Budget. A progress report is included in this report.

Copies of the Strategic Community Plan 2013 – 2023 are available on the shire website. The following pages provides a progress of each of the projects.

3. Freedom of information

The Shire of Perenjori has a requirement to comply with the Freedom of Information Act. During the 2013/2014 financial year no applications were received for information under the terms of this legislation.

4. Public Interest Disclosure

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

Council has complied with all obligations under the Act including:

- a) Appointing the Chief Executive Officer as the PID Officer for the organisation and publishing of an internal procedure relating to the Shire's obligations.
- b) Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information. There were no matters raised or reported during the year under review.

Statutory Reports

5. Disability Services Act

The Shire of Perenjori Disability Services Plan contains the following five major objectives: -

- Existing functions, facilities and services are to meet the needs of people with disabilities.
- Access to buildings and facilities are improved.
- Information about functions, facilities and services is provided in formats which meet the communication requirements of people with disabilities and skills in delivering advice and services.
- Opportunities for people with disabilities to participate in public consultations, grievance mechanisms and decision making processes are provided.

This Disability Services Management Plan, as required by the Act, has been reviewed and updated during the 2015/2016 financial year.

6. State Records Act 2000

The Shire of Perenjori is committed to accessible and efficient record keeping practices and complies with relevant legislation including *the State Records Act 2000*.

Council established a Record Keeping Plan which was adopted by Council and submitted to the State Records Commission in 2006. Council staff with the assistance of the City of Greater Geraldton conducted a review of the plan for 2016.

The Records Management Procedures Manual is designed to adequately address all records management issues and identifies staff roles and responsibilities in the system.

7. Complaints and Requests

Complaints and requests received by the Shire have been addressed in a timely manner subject to the availability of resources.

8. Employee Payments

Payments to Employees in accordance with the Local Government (Administration) Regulations 1996 (s19B) and for the purposes of s.5.53 (2g) of the Local Government Act 1995, the Shire has one employee on an annual cash salary of \$140,000 — \$150,000.

9. Report on Variances for the 2015/16 Financial Year

10. Progress of the Community Strategic Plan

Financial Report

For Year Ended 30th June 2015

Table of Contents

Statement by Chief Executive Officer	29
Income Statement by Nature or Type	30
Income Statement by Program	31
Balance Sheet	32
Statement of Changes in Equity	33
Cash Flow Statement	34
Rate Setting Statement	35
Notes to and forming part of the Financial Report	36-82
Independent Audit Report	83-84
Supplementary Ratio Information	85

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	59
Supplementary Ratio Information	61

Principal place of business:
Address
56 Fowler Street
PERENJORI WA 6620

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the *28th* day of *November* 2016



Allison Mills
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	2,616,541	2,674,298	2,612,120
Operating grants, subsidies and contributions	30	1,414,714	3,127,754	3,334,024
Fees and charges	29	1,087,169	1,534,450	1,723,272
Interest earnings	2(a)	69,411	58,551	84,070
Other revenue	2(a)	445,185	94,050	656,022
		<u>5,633,020</u>	<u>7,489,103</u>	<u>8,409,508</u>
Expenses				
Employee costs		(2,449,222)	(2,218,229)	(2,282,813)
Materials and contracts		(1,555,238)	(2,241,728)	(2,192,623)
Utility charges		(240,071)	(232,594)	(243,374)
Depreciation on non-current assets	2(a)	(2,567,776)	(1,855,939)	(2,722,123)
Interest expenses	2(a)	(88,944)	(79,096)	(86,249)
Insurance expenses		(129,025)	(144,632)	(149,138)
Other expenditure		(280,165)	(265,039)	(355,602)
		<u>(7,310,441)</u>	<u>(7,037,257)</u>	<u>(8,031,922)</u>
		(1,677,421)	451,846	377,586
Non-operating grants, subsidies and contributions	30	1,720,749	2,473,897	2,019,541
Profit on asset disposals	21	30,917	37,927	25,292
(Loss) on asset disposals	21	(252,813)	(62,927)	(87,944)
Net result		<u>(178,568)</u>	<u>2,900,743</u>	<u>2,334,475</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	541,330	0	40,147,490
Total other comprehensive income		<u>541,330</u>	<u>0</u>	<u>40,147,490</u>
Total comprehensive income		<u><u>362,762</u></u>	<u><u>2,900,743</u></u>	<u><u>42,481,965</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Governance		146,427	30,475	67,970
General purpose funding		3,577,576	4,547,693	5,441,891
Law, order, public safety		32,014	19,750	22,563
Health		2,713	4,200	3,970
Education and welfare		97,632	118,500	91,617
Housing		178,521	200,500	276,965
Community amenities		71,472	35,450	36,288
Recreation and culture		393,878	69,100	233,672
Transport		337,715	1,244,185	771,335
Economic services		294,798	360,250	422,275
Other property and services		500,274	859,000	1,040,962
		<u>5,633,020</u>	<u>7,489,103</u>	<u>8,409,508</u>
Expenses				
Governance		(245,331)	(209,934)	(587,474)
General purpose funding		(137,215)	(87,334)	(102,673)
Law, order, public safety		(151,020)	(202,313)	(162,812)
Health		(106,461)	(85,690)	(62,447)
Education and welfare		(372,758)	(278,648)	(244,165)
Housing		(480,557)	(474,367)	(456,033)
Community amenities		(384,265)	(378,241)	(276,892)
Recreation and culture		(1,218,972)	(900,548)	(1,231,999)
Transport		(2,833,757)	(2,844,564)	(3,086,152)
Economic services		(742,198)	(831,637)	(593,936)
Other property and services		(548,963)	(664,885)	(1,141,090)
		<u>(7,221,497)</u>	<u>(6,958,161)</u>	<u>(7,945,673)</u>
Finance costs				
Housing		(26,116)	(23,949)	(26,081)
Community amenities		(25,009)	(23,398)	(24,490)
Recreation and culture		(33,433)	(31,749)	(35,678)
Transport		(4,386)	0	0
		<u>(88,944)</u>	<u>(79,096)</u>	<u>(86,249)</u>
		<u>(1,677,421)</u>	<u>451,846</u>	<u>377,586</u>
Non-operating grants, subsidies and contributions	30	1,720,749	2,473,897	2,019,541
Profit on disposal of assets	21	30,917	37,927	25,292
(Loss) on disposal of assets	21	(252,813)	(62,927)	(87,944)
Net result		<u>(178,568)</u>	<u>2,900,743</u>	<u>2,334,475</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	541,330	0	40,147,490
Total other comprehensive income		<u>541,330</u>	<u>0</u>	<u>40,147,490</u>
Total comprehensive income		<u><u>362,762</u></u>	<u><u>2,900,743</u></u>	<u><u>42,481,965</u></u>

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

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

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,529,542	3,254,813
Trade and other receivables	4	257,130	448,552
Inventories	5	<u>55,288</u>	<u>92,897</u>
TOTAL CURRENT ASSETS		<u>2,841,960</u>	<u>3,796,262</u>
NON-CURRENT ASSETS			
Other receivables	4	24,711	24,711
Inventories	5	456,839	456,839
Property, plant and equipment	6	19,116,691	18,423,468
Infrastructure	7	<u>67,492,645</u>	<u>66,836,425</u>
TOTAL NON-CURRENT ASSETS		<u>87,090,886</u>	<u>85,741,443</u>
TOTAL ASSETS		<u>89,932,846</u>	<u>89,537,705</u>
CURRENT LIABILITIES			
Trade and other payables	8	273,422	466,949
Current portion of long term borrowings	9	237,775	175,005
Provisions	10	<u>219,375</u>	<u>147,436</u>
TOTAL CURRENT LIABILITIES		<u>730,572</u>	<u>789,390</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,250,081	1,224,844
Provisions	10	<u>75,811</u>	<u>9,851</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,325,892</u>	<u>1,234,695</u>
TOTAL LIABILITIES		<u>2,056,464</u>	<u>2,024,085</u>
NET ASSETS		<u>87,876,382</u>	<u>87,513,620</u>
EQUITY			
Retained surplus		19,163,816	19,766,283
Reserves - cash backed	12	1,909,407	1,485,508
Revaluation surplus	13	<u>66,803,159</u>	<u>66,261,829</u>
TOTAL EQUITY		<u>87,876,382</u>	<u>87,513,620</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		16,557,079	2,360,237	26,114,339	45,031,655
Comprehensive income					
Net result		2,334,475	0	0	2,334,475
Changes on revaluation of assets	13	0	0	40,147,490	40,147,490
Total comprehensive income		<u>2,334,475</u>	<u>0</u>	<u>40,147,490</u>	<u>42,481,965</u>
Transfers from/(to) reserves		874,729	(874,729)	0	0
		<u>874,729</u>	<u>(874,729)</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2015		19,766,283	1,485,508	66,261,829	87,513,620
Comprehensive income					
Net result		(178,568)	0	0	(178,568)
Changes on revaluation of assets	13	0	0	541,330	541,330
Total comprehensive income		<u>(178,568)</u>	<u>0</u>	<u>541,330</u>	<u>362,762</u>
Transfers from/(to) reserves		(423,899)	423,899	0	0
		<u>(423,899)</u>	<u>423,899</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2016		<u>19,163,816</u>	<u>1,909,407</u>	<u>66,803,159</u>	<u>87,876,382</u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,689,810	2,719,278	2,575,179
Operating grants, subsidies and contributions		1,534,187	3,127,754	3,439,307
Fees and charges		1,087,169	1,579,804	1,723,272
Interest earnings		69,411	58,551	84,070
Goods and services tax		590,983	489,387	570,507
Other revenue		445,185	94,050	656,022
		<u>6,416,745</u>	<u>8,068,824</u>	<u>9,048,357</u>
Payments				
Employee costs		(2,292,913)	(2,218,229)	(2,341,425)
Materials and contracts		(1,728,671)	(2,221,743)	(2,618,453)
Utility charges		(240,071)	(232,594)	(243,374)
Interest expenses		(89,839)	(79,096)	(88,738)
Insurance expenses		(129,025)	(144,632)	(149,138)
Goods and services tax		(592,303)	(500,000)	(568,626)
Other expenditure		(280,165)	(265,038)	(355,600)
		<u>(5,352,987)</u>	<u>(5,661,332)</u>	<u>(6,365,354)</u>
Net cash provided by (used in) operating activities	14(b)	<u>1,063,758</u>	<u>2,407,492</u>	<u>2,683,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	6(b)	(1,359,042)	(2,288,658)	(2,423,227)
Payments for construction of infrastructure	7(b)	(2,445,561)	(2,626,773)	(1,832,229)
Non-operating grants, subsidies and contributions		1,720,749	2,473,897	2,019,541
Proceeds from sale of fixed assets	21	206,818	291,100	125,852
Net cash provided by (used in) investment activities		<u>(1,877,036)</u>	<u>(2,150,434)</u>	<u>(2,110,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(187,993)	(175,004)	(165,500)
Proceeds from new debentures	22(a)	276,000	0	0
Net cash provided by (used in) financing activities		<u>88,007</u>	<u>(175,004)</u>	<u>(165,500)</u>
Net increase (decrease) in cash held		(725,271)	82,054	407,440
Cash at beginning of year		3,254,813	1,464,115	2,847,373
Cash and cash equivalents at the end of the year	14(a)	<u><u>2,529,542</u></u>	<u><u>1,546,169</u></u>	<u><u>3,254,813</u></u>

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

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

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	1,843,806	13,821	208,157
	<u>1,843,806</u>	<u>13,821</u>	<u>208,157</u>
Revenue from operating activities (excluding rates)			
Governance	146,427	30,475	74,192
General purpose funding	972,799	1,884,595	2,829,771
Law, order, public safety	32,014	19,750	22,563
Health	2,713	4,200	3,970
Education and welfare	97,632	118,500	91,617
Housing	178,521	200,500	292,862
Community amenities	71,472	35,450	36,288
Recreation and culture	393,878	69,100	233,672
Transport	368,632	1,244,185	774,508
Economic services	294,798	360,250	422,275
Other property and services	500,274	896,927	1,040,962
	<u>3,059,160</u>	<u>4,863,932</u>	<u>5,822,680</u>
Expenditure from operating activities			
Governance	(245,331)	(209,934)	(587,474)
General purpose funding	(137,215)	(87,334)	(102,673)
Law, order, public safety	(151,020)	(202,313)	(162,812)
Health	(109,688)	(85,690)	(62,447)
Education and welfare	(372,758)	(278,648)	(244,165)
Housing	(671,647)	(542,316)	(482,114)
Community amenities	(409,274)	(401,639)	(301,382)
Recreation and culture	(1,252,405)	(932,297)	(1,267,677)
Transport	(2,922,755)	(2,844,564)	(3,086,152)
Economic services	(742,198)	(831,637)	(593,936)
Other property and services	(548,963)	(683,812)	(1,229,034)
	<u>(7,563,254)</u>	<u>(7,100,184)</u>	<u>(8,119,866)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	21	(30,917)	(37,927)
Loss on disposal of assets	21	252,813	62,927
Movement in employee benefit provisions (non-current)		137,900	0
Depreciation and amortisation on assets	2(a)	2,567,776	1,855,939
Amount attributable to operating activities		<u>267,284</u>	<u>(341,492)</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions		1,720,749	2,473,897
Proceeds from disposal of assets	21	206,818	291,100
Purchase of property, plant and equipment	6(b)	(1,359,042)	(2,288,658)
Purchase and construction of infrastructure	7(b)	(2,445,561)	(2,626,773)
Amount attributable to investing activities		<u>(1,877,036)</u>	<u>(2,150,434)</u>
FINANCING ACTIVITIES			
Repayment of debentures	22(a)	(187,993)	(175,004)
Proceeds from new debentures	22(a)	276,000	0
Transfers to reserves (restricted assets)	12	(443,899)	(222,990)
Transfers from reserves (restricted assets)	12	20,000	226,822
Amount attributable to financing activities		<u>(335,892)</u>	<u>(171,172)</u>
Surplus(deficiency) before general rates		<u>(1,945,644)</u>	<u>(2,663,098)</u>
Total amount raised from general rates	23	<u>2,604,777</u>	<u>2,663,098</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>659,133</u></u>	<u><u>0</u></u>
		<u><u>1,843,806</u></u>	<u><u>208,157</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

Provision for impairment of receivables

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

Provision for impairment of inventories

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

Estimation of useful lives of assets

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

Employee benefits provision

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

The local government reporting entity

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

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

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

(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).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Revenue

Rates, Grants, Donations and Other Contributions

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

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

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.

Fees and Charges

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Service Charges

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

Interest Earnings

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

Other Revenue

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

(r) Superannuation

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

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

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	20,648	21,546
- Other Services	<u>5,850</u>	<u>2,426</u>
	<u>26,498</u>	<u>23,972</u>
Depreciation		
Buildings - Non Specialised	412,870	388,628
Furniture & Equipment	14,631	27,285
Plant & Equipment	350,934	222,384
Infrastructure - Roads	1,466,731	1,753,405
Infrastructure - Footpaths	15,478	15,746
Infrastructure - Parks & Ovals	214,171	221,346
Infrastructure - Other Infrastructure	37,811	38,179
Infrastructure - Airfield	<u>55,150</u>	<u>55,150</u>
	<u><u>2,567,776</u></u>	<u><u>2,722,123</u></u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	<u>88,944</u>	<u>86,249</u>
	<u><u>88,944</u></u>	<u><u>86,249</u></u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	264,071	613,926
Other	<u>181,114</u>	<u>42,096</u>
	<u><u>445,185</u></u>	<u><u>656,022</u></u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	23,897	29,775
- Other funds	37,253	23,776
Other interest revenue (refer note 28)	<u>8,261</u>	<u>5,000</u>
	<u><u>69,411</u></u>	<u><u>58,551</u></u>
		<u><u>84,070</u></u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

Council has adopted a 'Plan for the future' comprising a Strategic Community Plan and Corporate Business Plan to provide the long term community vision, aspirations and objectives.

Based upon feedback received from the community the vision of the Shire is:
"A wonderful place to live, work, invest and visit with the community working together to achieve shared objectives"

The Strategic Community Plan defines the key objectives of the Shire as:

"Economic: A strong, resilient and balanced economy.

Environment: Our unique natural and built environment is protected and enhanced.

Social: Our community enjoys a high quality of life.

Civic Leadership: A collaborative and engaged community."

GOVERNANCE

Activities:

Expenses associated with provision of services to members of council and elections. Also included are costs associated with computer operations, corporate accounting, corporate records and asset management. Costs reported as administrative expenses are redistributed in accordance with the principle of activity based costing (ABC).

GENERAL PURPOSE FUNDING

Activities:

Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on Police Licensing. The costs associated with raising the above mentioned revenues, eg. Valuation expenses, debt collection and overheads.

LAW, ORDER, PUBLIC SAFETY

Activities:

Enforcement of Local Laws, fire prevention, animal control and provision of ranger services.

HEALTH

Activities:

Health inspection services, food quality control, mosquito control and contributions towards provision of medical health services.

EDUCATION AND WELFARE

Activities:

Assists with the provision of Child Care at the Perenjori Child Care Centre and Youth Activities within the Shire.

HOUSING

Activities:

Provision and maintenance of rented housing accommodation for pensioners and employees.

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

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Activities:

Sanitation, sewerage, stormwater drainage, protection of the environment, public conveniences, cemeteries and town planning.

RECREATION AND CULTURE

Activities:

Parks, gardens and recreation reserves, library services, television and radio re-broadcasting, swimming facilities, walk trails, youth recreation, public halls.

TRANSPORT

Activities:

Construction and maintenance of roads, footpaths, drainage works, parking facilities, traffic control, depot operations, plant purchase, marine facilities and cleaning of streets.

ECONOMIC SERVICES

Activities:

Tourism, community development, pest control, building services, caravan parks and private works.

OTHER PROPERTY & SERVICES

Activities:

Plant works, plant overheads and stock of materials.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Regional GLGF	Housing	49,265	0	(49,265)	0	0	0	0
Dept. Education & Employment	Education & Welfare	28,222	0	(28,222)	0	0	0	0
DSR	Rec & Culture	0	30,000	(30,000)	0	70,000	(45,033)	24,967 *
Lotterywest	Community Development	0	25,560	(25,560)	0	62,500	(62,500)	0
Lotterywest	Education & Welfare	0	27,000	(27,000)	0	0	0	0
CLGF	Rec & Culture	0	100,000	(100,000)	0	0	0	0
Regional Road Group	Transport	0	578,240	(578,240)	0	527,667	(527,667)	0
Roads to Recovery	Transport	0	388,348	(388,348)	0	1,105,611	(1,105,611)	0
Black Spot Funding	Transport	0	91,027	(91,027)	0	37,471	(37,471)	0
Dept. Regional Development	Rec & Culture	0	122,000	(122,000)	0	0	0	0
CLGF	Rec & Culture	0	22,771	(22,771)	0	0	0	0
MWDC	Housing	0	17,000	(17,000)	0	0	0	0
Dept. Regional Development	Education & Welfare	0	25,000	(25,000)	0	0	0	0
Dept. Local Government	Education & Welfare	0	1,000	(1,000)	0	14,940	(14,940)	0
Gundruwa Regional Conservation Association	Education & Welfare	0	20,000	(20,000)	0	0	0	0
MWDC	Housing	0	151,200	0	151,200	0	(151,200)	0
Dept. Social Services	Law Order & Public Safety	0	0	0	0	2,400	(2,400)	0
Total		<u>77,487</u>	<u>1,599,146</u>	<u>(1,525,433)</u>	<u>151,200</u>	<u>1,820,589</u>	<u>(1,946,822)</u>	<u>24,967</u>

Notes:

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

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

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted Cash		595,168	1,618,105
Restricted Cash		<u>1,934,374</u>	<u>1,636,708</u>
		<u>2,529,542</u>	<u>3,254,813</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve - Leave	12	59,114	58,079
Reserve - Plant Replacement	12	236,246	232,112
Reserve - Computer	12	8,522	8,380
Reserve - Staff Housing	12	274,484	171,283
Reserve - Local Group Interest Free Loan	12	16,158	15,875
Reserve - Local Achievement	12	2,646	2,603
Reserve - Refuse Site	12	96,398	94,711
Reserve - Swimming Pool	12	82,940	81,488
Reserves - Gravel Pit Rehabilitation	12	18,779	18,451
Reserves - Joint Venture Housing	12	286,752	183,337
Reserve - Caravan Park	12	8,168	8,025
Reserve - Sport & Recreation Amenities	12	2,707	2,660
Reserve - Mt Gibson Infrastructure	12	511,490	288,972
Reserve - Accommodation Village	12	30,927	50,036
Reserve - Airstrip Development	12	2,980	2,928
Reserve - Water Harvesting Control	12	39,910	39,211
Reserve - Vocal History	12	7,463	7,332
Reserve - Water Supply	12	18,191	17,872
Reserve - Community Bus & Maintenance	12	17,954	17,640
Reserve - Road	12	10,303	10,122
Reserve - Community Amenities	12	24,825	24,391
Reserve - Communications	12	152,450	150,000
Unspent grants	2(c)	<u>24,967</u>	<u>151,200</u>
		<u>1,934,374</u>	<u>1,636,708</u>

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

	2016	2015
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	43,208	116,477
Sundry debtors	179,771	281,712
GST receivable	34,151	32,831
Prepayments	0	17,532
	<u>257,130</u>	<u>448,552</u>
Non-current		
Rates outstanding - pensioners	24,711	24,711
	<u>24,711</u>	<u>24,711</u>

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

0 to 3 months overdue	67,466	61,003
3 to 6 months overdue	0	0
Over 6 months overdue	67,919	137,558
	<u>135,385</u>	<u>198,561</u>

5. INVENTORIES

Current		
Fuel and materials	55,288	92,897
	<u>55,288</u>	<u>92,897</u>
Non-current		
Land held for resale - cost		
Cost of acquisition	62,168	62,168
Development costs	394,671	394,671
	<u>456,839</u>	<u>456,839</u>

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

	2016 \$	2015 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - Freehold at:		
- Independent valuation 2014 - level 2	<u>887,000</u>	<u>947,000</u>
	887,000	947,000
Land - vested in and under the control of Council at:		
- Management Valuation 2014 - Level 3	<u>424,500</u>	<u>424,500</u>
	424,500	424,500
	<u>1,311,500</u>	<u>1,371,500</u>
Buildings - Non Specialised at:		
- Independent valuation 2014 - level 3	12,527,000	12,677,000
- Additions after valuation - cost	3,135,581	2,775,363
Less: accumulated depreciation	<u>(795,745)</u>	<u>(388,628)</u>
	14,866,836	15,063,735
	<u>14,866,836</u>	<u>15,063,735</u>
Total land and buildings	<u>16,178,336</u>	<u>16,435,235</u>
Furniture & Equipment at:		
- Management valuation 2015 - level 3	0	154,393
- Management valuation 2016 - level 3	<u>151,150</u>	<u>0</u>
	151,150	154,393
Plant & Equipment at:		
- Independent Valuation 2013 - level 2	0	1,516,470
- Management valuation 2013 - level 3	0	323,739
- Additions after valuation - cost	0	428,220
- Independent Valuation 2016 - level 2	2,504,500	0
- Management valuation 2016 - level 3	282,705	0
Less accumulated depreciation	<u>0</u>	<u>(434,589)</u>
	2,787,205	1,833,840
	<u>19,116,691</u>	<u>18,423,468</u>

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - Freehold	947,000	0	(60,000)	0	0	0	0	0	887,000
Land - vested in and under the control of Council	424,500	0	0	0	0	0	0	0	424,500
Total land	1,371,500	0	(60,000)	0	0	0	0	0	1,311,500
Buildings - Non Specialised	15,063,735	360,218	(144,247)	0	0	0	(412,870)	0	14,866,836
Total buildings	15,063,735	360,218	(144,247)	0	0	0	(412,870)	0	14,866,836
Total land and buildings	16,435,235	360,218	(204,247)	0	0	0	(412,870)	0	16,178,336
Furniture & Equipment	154,393	11,388	0	0	0	0	(14,631)	0	151,150
Plant & Equipment	1,833,840	987,436	(224,467)	541,330	0	0	(350,934)	0	2,787,205
Total property, plant and equipment	18,423,468	1,359,042	(428,714)	541,330	0	0	(778,435)	0	19,116,691

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - Freehold	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2014	Price per hectare/market borrowing rate
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2014	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Buildings - Non Specialised	3	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2014	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture & Equipment					
	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant & Equipment					
Independent Valuation	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2016	Price per item
Management Valuation	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2016	Construction/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 PERENJORI
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation June 2015 - Level 3	94,279,338	94,279,337
- Additions after valuation - cost	2,351,742	0
Less accumulated depreciation	<u>(34,180,745)</u>	<u>(32,714,013)</u>
	62,450,335	61,565,324
Infrastructure - Footpaths		
- Management valuation June 2015 - Level 3	584,460	584,460
- Additions after valuation - cost	28,942	0
Less accumulated depreciation	<u>(115,817)</u>	<u>(100,339)</u>
	497,585	484,121
Infrastructure - Parks & Ovals		
- Independent Valuation July 2014 - level 3	3,691,823	3,691,823
- Additions after valuation - cost	189,831	124,954
Less accumulated depreciation	<u>(437,036)</u>	<u>(222,865)</u>
	3,444,618	3,593,912
Infrastructure - Other Infrastructure		
- Management valuation July 2014 - Level 3	398,600	398,600
- Additions after valuation - cost	158,510	158,510
Less accumulated depreciation	<u>(77,003)</u>	<u>(39,192)</u>
	480,107	517,918
Infrastructure - Airfield		
- Independent Valuation July 2014 - level 3	730,300	730,300
Less accumulated depreciation	<u>(110,300)</u>	<u>(55,150)</u>
	620,000	675,150
	<u>67,492,645</u>	<u>66,836,425</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 PERENJORI
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	61,565,324	2,351,742	0	0	0	0	(1,466,731)	62,450,335
Infrastructure - Footpaths	484,121	28,942	0	0	0	0	(15,478)	497,585
Infrastructure - Parks & Ovals	3,593,912	64,877	0	0	0	0	(214,171)	3,444,618
Infrastructure - Other Infrastructure	517,918	0	0	0	0	0	(37,811)	480,107
Infrastructure - Airfield	675,150	0	0	0	0	0	(55,150)	620,000
Total infrastructure	<u>66,836,425</u>	<u>2,445,561</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,789,341)</u>	<u>67,492,645</u>

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2015	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	July 2014	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other Infrastructure	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuers and Management Valuation	July 2014	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Airfield	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	July 2014	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

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

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

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

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	174,440	386,697
Accrued interest on debentures	23,155	24,050
Accrued salaries and wages	18,410	0
Rates in Advance	16,032	4,458
ATO liabilities	41,385	51,744
	<u>273,422</u>	<u>466,949</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Loan Liability - Current	237,775	175,005
	<u>237,775</u>	<u>175,005</u>
Non-current		
Secured by floating charge		
Loan Liability - Non Current	1,250,081	1,224,844
	<u>1,250,081</u>	<u>1,224,844</u>

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	121,764	25,672	147,436
Non-current provisions	0	9,851	9,851
	<u>121,764</u>	<u>35,523</u>	<u>157,287</u>
Additional provision	215,133	85,303	300,436
Amounts used	(140,047)	(22,490)	(162,537)
Balance at 30 June 2016	<u>196,850</u>	<u>98,336</u>	<u>295,186</u>
Comprises			
Current	196,850	22,525	219,375
Non-current	0	75,811	75,811
	<u>196,850</u>	<u>98,336</u>	<u>295,186</u>

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

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Reserve - Leave	58,079	1,035	0	59,114	58,079	1,420	0	59,499	56,649	1,430	0	58,079
Reserve - Plant Replacement	232,112	4,134	0	236,246	231,683	6,777	(210,822)	27,638	271,096	6,534	(45,518)	232,112
Reserve - Computer	8,380	142	0	8,522	8,378	275	0	8,653	8,197	183	0	8,380
Reserve - Staff Housing	171,283	103,201	0	274,484	170,987	104,185	0	275,172	167,221	4,062	0	171,283
Reserve - Local Group Interest Free Loan	15,875	283	0	16,158	15,847	390	0	16,237	15,484	391	0	15,875
Reserve - Local Achievement	2,603	43	0	2,646	2,603	0	0	2,603	2,552	51	0	2,603
Reserve - Refuse Site	94,711	1,687	0	96,398	94,546	2,310	0	96,856	92,378	2,333	0	94,711
Reserve - Swimming Pool	81,488	1,452	0	82,940	81,347	1,990	0	83,337	79,486	2,002	0	81,488
Reserves - Gravel Pit Rehabilitation	18,451	328	0	18,779	18,419	453	0	18,872	18,060	391	0	18,451
Reserves - Joint Venture Housing	183,337	103,415	0	286,752	183,084	102,895	0	285,979	115,690	67,647	0	183,337
Reserve - Caravan Park	8,025	143	0	8,168	8,012	0	0	8,012	7,832	193	0	8,025
Reserve - Sport & Recreation Amenities	2,660	47	0	2,707	2,660	65	0	2,725	2,595	65	0	2,660
Reserve - Mt Gibson Infrastructure	288,972	222,518	0	511,490	288,972	0	0	288,972	285,509	203,463	(200,000)	288,972
Reserve - Accomodation Village	50,036	891	(20,000)	30,927	49,949	0	0	49,949	48,803	1,233	0	50,036
Reserve - Airstrip Development	2,928	52	0	2,980	2,923	72	0	2,995	2,856	72	0	2,928
Reserve - Water Harvesting Control	39,211	699	0	39,910	39,143	520	0	39,663	38,248	963	0	39,211
Reserve - Vocal History	7,332	131	0	7,463	7,319	180	0	7,499	7,152	180	0	7,332
Reserve - Water Supply	17,872	319	0	18,191	17,841	436	0	18,277	17,455	417	0	17,872
Reserve - Community Bus & Maintenance	17,640	314	0	17,954	17,610	180	(16,000)	1,790	17,206	434	0	17,640
Reserve - Road	10,122	181	0	10,303	10,104	247	0	10,351	9,873	249	0	10,122
Reserve - Community Amenities	24,391	434	0	24,825	24,378	595	0	24,973	23,874	517	0	24,391
Reserve - Communications	150,000	2,450	0	152,450	150,000	0	0	150,000	0	150,000	0	150,000
	<u>1,485,507</u>	<u>443,899</u>	<u>(20,000)</u>	<u>1,909,407</u>	<u>1,483,884</u>	<u>222,990</u>	<u>(226,822)</u>	<u>1,480,052</u>	<u>2,360,236</u>	<u>442,810</u>	<u>(1,317,539)</u>	<u>1,485,507</u>

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

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

12. RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserve - Leave	Ongoing	- to be used to fund annual and long service leave requirements
Reserve - Plant Replacement	Ongoing	- to be used for the purchase of major plant
Reserve - Computer	Ongoing	- to be used to maintain the administration computer systems
Reserve - Staff Housing	Ongoing	- to be used for future staff housing
Reserve - Local Group Interest Free Loan	Ongoing	- to be used for community groups in purchasing equipment for their activities.
Reserve - Local Achievement	Ongoing	- to be used as an incentive to local achievers
Reserve - Refuse Site	Ongoing	- to be used for a future landfill site
Reserve - Swimming Pool	Ongoing	- to be used for the refurbishment and upgrade of the Perenjori swimming pool facilities
Reserves - Gravel Pit Rehabilitation	Ongoing	- for the purpose of covering the costs of rehabilitating exhausted pits
Reserves - Joint Venture Housing	Ongoing	- surplus funds to be used as per the JV housing agreement
Reserve - Caravan Park	Ongoing	- to be used to maintain and upgrade the facilities at the Perenjori caravan park
Reserve - Sport & Recreation Amenities	Ongoing	- to be used to support the maintenance an replacement of sporting & recreation facilities
Reserve - Mt Gibson Infrastructure	As per agreement	- to be used for the purpose of supporting the acquisition, restoration, extension or improvement of infrastructure assets including but not limited to public buildings, recreation facilities, parks and gardens, power supply, water supply, land drainage or roads.
Reserve - Accomodation Village	Ongoing	- to fund maintenance costs in the accommodation village
Reserve - Airstrip Development	Ongoing	- to be used for the ongoing development and maintenance of the airstrip
Reserve - Water Harvesting Control	Ongoing	- to be used for the purchase and installation of dams to increase water capacity for supplementing the towns parks, gardens and reserve water supply
Reserve - Vocal History	Ongoing	- to be used for the history of our pioneers
Reserve - Water Supply	Ongoing	- to be used for holding loan funds for the project to supply scheme water to the West Bogada locality
Reserve - Community Bus & Maintenance	Ongoing	- to be used for the ongoing maintenance and eventual replacement if the Community Bus
Reserve - Road	Ongoing	- for the purpose of completing road projects
Reserve - Community Amenities	Ongoing	- for assisting organisations providing community amenities
Reserve - Communications	Ongoing	- to subsidise the funding of telephone communication towers in and near Perenjori

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

13. REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	Decrement	Revaluation	Balance	Balance	Increment	Decrement	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	899,630	0	0	0	899,630	899,630	0	0	0	899,630
Buildings	6,858,495	0	0	0	6,858,495	6,858,495	0	0	0	6,858,495
Plant & Equipment	507,214	541,330	0	541,330	1,048,544	507,214	0	0	0	507,214
Infrastructure - Roads	55,499,234	0	0	0	55,499,234	17,849,000	37,650,234	0	37,650,234	55,499,234
Infrastructure - Footpaths	248,089	0	0	0	248,089	0	248,089	0	248,089	248,089
Infrastructure - Parks & Ovals	1,208,656	0	0	0	1,208,656	0	1,208,656	0	1,208,656	1,208,656
Infrastructure - Other Infrastructure	336,177	0	0	0	336,177	0	336,177	0	336,177	336,177
Infrastructure - Airfield	704,334	0	0	0	704,334	0	704,334	0	704,334	704,334
	66,261,829	541,330	0	541,330	66,803,159	26,114,339	40,147,490	0	40,147,490	66,261,829

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>2,529,542</u>	<u>1,546,169</u>	<u>3,254,813</u>

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

Net result	(178,568)	2,900,743	2,334,475
Non-cash flows in Net result:			
Depreciation	2,567,776	1,855,939	2,722,123
(Profit)/Loss on sale of asset	221,896	25,000	62,652
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	191,422	79,721	70,221
(Increase)/Decrease in inventories	37,609	6,885	(48,448)
Increase/(Decrease) in payables	(193,527)	13,100	(375,253)
Increase/(Decrease) in provisions	137,899	0	(63,226)
Grants contributions for the development of assets	<u>(1,720,749)</u>	<u>(2,473,897)</u>	<u>(2,019,541)</u>
Net cash from operating activities	<u>1,063,758</u>	<u>2,407,492</u>	<u>2,683,003</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2016	2015
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	<u>0</u>	<u>(8,007)</u>
Total amount of credit unused	<u>20,000</u>	<u>11,993</u>

Loan facilities

Loan facilities - current	237,775	175,005
Loan facilities - non-current	<u>1,250,081</u>	<u>1,224,844</u>
Total facilities in use at balance date	<u>1,487,856</u>	<u>1,399,849</u>

Unused loan facilities at balance date

	<u>NIL</u>	<u>NIL</u>
--	------------	------------

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

15. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liability.

16. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	209,519	298,143
- later than one year but not later than five years	177,464	492,173
	<u>386,983</u>	<u>790,316</u>

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, except for the restrictions imposed by regulations and other externally imposed requirements disclosed in note 3.

17. JOINT VENTURE ARRANGEMENTS

The Shire of Perenjori has a joint venture with the Department of Housing for the provision of four family houses and two aged care units. The only assets are capital works carried out by Council staff.

These assets are included in Land and Buildings as follows:

Non-current assets	2016	2015
	\$	\$
Land and buildings	505,000	505,000
Less: accumulated depreciation	(20,200)	(10,100)
	<u>484,800</u>	<u>494,900</u>

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

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	2,745,169	2,757,520
General purpose funding	2,733,800	2,184,266
Law, order, public safety	592,760	338,941
Health	191,638	303,030
Education and welfare	1,551,211	1,586,545
Housing	4,989,092	5,033,344
Community amenities	258,194	261,956
Recreation and culture	6,963,346	7,690,365
Transport	65,146,011	65,227,340
Economic services	2,944,220	2,742,476
Other property and services	1,817,405	1,411,922
	<u>89,932,846</u>	<u>89,537,705</u>

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

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	1.35	2.95	0.92
Asset sustainability ratio	1.03	1.56	1.08
Debt service cover ratio	2.74	12.41	4.92
Operating surplus ratio	(0.47)	0.06	(0.23)
Own source revenue coverage ratio	0.54	0.62	0.61

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$949,737

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

	2016	2015
Debt service cover ratio	6.16	8.63
Operating surplus ratio	(0.23)	(0.13)

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

20. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Sundry Income	259		(259)	0
BRB Levy	495	635	(1,130)	(0)
Bus Bonds	2,000	1,200	(2,800)	400
Hall Bonds	1,550	850	(2,000)	400
Housing Bonds	10,053	11,710	(18,503)	3,260
Yarra Yarra Regional Council	16,461	0	(16,461)	0
Other Bonds	45,728	4,175	(49,203)	700
Perenjori Public Benefit Funds	210,871	111,765	(160,064)	162,573
Nomination Deposits	0	640	(640)	0
	<u>287,417</u>			<u>167,333</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Housing								
Lot 71 Carnamah Rd	204,246	39,273	0	(164,973)	144,000	100,000	0	(44,000)
Other property and services								
1500PJ - Mitsubishi Dual Cab					16,427	20,000	3,573	0
PJ1558 - Volvo Grader	98,105	90,000	0	(8,105)	93,454	80,100	0	(13,354)
PJ1501 - Multi Tyred Roller	29,959	35,000	5,041	0	27,545	60,000	32,455	0
PJ1568 - Triton	0	10,545	10,545	0	9,673	9,000	0	(673)
PJ1570 - Triton	16,669	21,364	4,695	0	8,528	9,000	472	0
PJ1579 - Triton	0	10,636	10,636	0	9,573	11,000	1,427	0
PJ1564 - Kubota Mower	0	0	0		6,900	2,000	0	(4,900)
Minor Plant & Equipment W/Off	53,322	0	0	(53,322)	0	0	0	0
Minor Tools Assets W/Off	26,413	0	0	(26,413)	0	0	0	0
	<u>428,714</u>	<u>206,818</u>	<u>30,917</u>	<u>(252,813)</u>	<u>316,100</u>	<u>291,100</u>	<u>37,927</u>	<u>(62,927)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
Loan 96 - CHA Housing	121,462		10,290	10,290	111,172	111,172	8,209	7,778
Loan 97 Flat Pack Housing	164,319		20,345	20,345	143,974	143,974	8,382	7,579
Loan 101 2X Duplex Housing	186,726		23,119	23,119	163,607	163,607	9,525	8,592
Recreation and culture								
Loan 99 - Aquatic Centre	327,767		65,404	65,389	262,363	262,378	19,902	19,340
Loan 100 - Aquatic Centre	261,849		32,302	32,290	229,547	229,559	13,531	12,409
Transport								
Loan 102 - Grader		276,000	12,952	0	263,048	276,000	4,386	0
Economic services								
Loan 94 - Industrial Land	26,532		8,221	8,211	18,311	18,321	1,948	1,850
Loan 98 - John St Subdivision	311,194		15,360	15,360	295,834	295,834	23,061	21,548
	<u>1,399,849</u>	<u>276,000</u>	<u>187,993</u>	<u>175,004</u>	<u>1,487,856</u>	<u>1,500,845</u>	<u>88,944</u>	<u>79,096</u>
	<u>1,399,849</u>	<u>276,000</u>	<u>187,993</u>	<u>175,004</u>	<u>1,487,856</u>	<u>1,500,845</u>	<u>88,944</u>	<u>79,096</u>

All loan repayments were financed by general purpose revenue.

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

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent
	Actual	Budget						Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Loan 102 - Grader	276,000	0	WATC	Debenture				(276,000)	0	0
	<u>276,000</u>	<u>0</u>				<u>0</u>		<u>(276,000)</u>	<u>0</u>	<u>0</u>

(c) Unspent Debentures

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

(d) Overdraft

The Shire has no Overdraft facility.

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

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Townsites	7.6810	177	1,109,340	85,208	0	0	85,208	91,090	0	0	91,090
Mining	7.6810	2	6,434,990	494,272	0	0	494,272	494,239	0	0	494,239
Unimproved value valuations											
Rural	1.9441	267	83,257,050	1,618,600	0	0	1,618,600	1,618,906	0	0	1,618,906
Mining	33.3118	78	1,953,925	650,888	(52,720)	(480)	597,688	651,161	0	0	651,161
Sub-Total		524	92,755,305	2,848,968	(52,720)	(480)	2,795,768	2,855,396	0	0	2,855,396
Minimum payment	Minimum \$										
Gross rental value valuations											
Townsites	310	35	34,378	10,850	310	0	11,160	10,850	0	0	10,850
Mining	310	0	0	0	0	0	0	310	0	0	310
Unimproved value valuations											
Rural	310	9	53,700	2,790	0	0	2,790	2,790	0	0	2,790
Mining	406	27	18,988	10,962	0	0	10,962	13,752	0	0	13,752
Sub-Total		71	107,066	24,602	310	0	24,912	27,702	0	0	27,702
		595	92,862,371	2,873,570	(52,410)	(480)	2,820,680	2,883,098	0	0	2,883,098
Discounts/concessions (refer note 27)							(215,903)				(220,000)
Total amount raised from general rate							2,604,777				2,663,098
Ex-gratia rates							11,764				11,200
Totals							2,616,541				2,674,298

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

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>659,133</u>	<u>1,843,806</u>	<u>1,843,806</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted Cash	595,168	1,618,105	1,618,105
Restricted Cash	1,934,374	1,636,708	1,636,708
Receivables			
Rates outstanding	43,208	116,477	116,477
Sundry debtors	179,771	281,712	281,712
GST receivable	34,151	32,831	32,831
Prepayments	0	17,532	17,532
Inventories			
Fuel and materials	55,288	92,897	92,897
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(174,440)	(386,697)	(386,697)
Accrued interest on debentures	(23,155)	(24,050)	(24,050)
Accrued salaries and wages	(18,410)	0	0
Rates in Advance	(16,032)	(4,458)	(4,458)
ATO liabilities	(41,385)	(51,743)	(51,743)
Current portion of long term borrowings			
Secured by floating charge	(237,775)	(175,005)	(175,005)
Provisions			
Provision for annual leave	(219,375)	(147,436)	(147,436)
Unadjusted net current assets	<u>2,111,388</u>	<u>3,006,873</u>	<u>3,006,873</u>
Adjustments			
Less: Reserves - restricted cash	(1,909,405)	(1,485,508)	(1,485,508)
Add: Current provisions provided in Budget	219,375	147,436	147,436
Add: Secured by floating charge	237,775	175,005	175,005
Adjusted net current assets - surplus/(deficit)	<u><u>659,133</u></u>	<u><u>1,843,806</u></u>	<u><u>1,843,806</u></u>

Difference

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

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

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire of Perenjori did not levy a Specified Area Rate during the year.

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire of Perenjori did not impose any service charges during the year.

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

Rates Discounts

Rate or Fee Discount Granted	Discount % or \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Differential/General Rate	10.00%	215,903	220,000	Applies to General or Differential Rate where all charges due are paid in full by due date 28 August 2015
Differential/General Rate	5.00%	215,903	220,000	Applies to General or Differential Rate where all charges due are paid in full by 31 December 2015
		<u>215,903</u>	<u>220,000</u>	

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	28-Aug-15	0		11.00%
Option Two				
First Instalment	28-Aug-15	0		
Second Instalment	28-Oct-15	10	5.50%	11.00%
Third Instalment	04-Jan-16	10	5.50%	11.00%
Fourth Instalment	04-Mar-16	10	5.50%	11.00%

	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	4,969	3,000
Interest on instalment plan	3,292	2,000
	<u>8,261</u>	<u>5,000</u>
Charges on instalment plan	1,500	0
	<u>1,500</u>	<u>0</u>

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

29. FEES & CHARGES	2016	2015
	\$	\$
Governance	5,935	844
General purpose funding	13,579	1,416
Law, order, public safety	2,301	1,048
Health	2,713	3,970
Education and welfare	82,692	19,117
Housing	175,101	219,195
Community amenities	46,218	36,208
Recreation and culture	18,194	16,927
Transport	16,017	147,268
Economic services	294,798	422,275
Other property and services	429,621	855,004
	<u>1,087,169</u>	<u>1,723,272</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2016	2016	2015
	\$	Budget	\$
Operating grants, subsidies and contributions			
Governance	4,091	1,200	2,215
General purpose funding	901,941	1,843,419	2,793,156
Law, order, public safety	29,713	19,000	21,515
Education and welfare	14,940	22,500	72,500
Community amenities	12,955	0	0
Recreation and culture	270,000	33,000	167,933
Transport	181,074	1,200,635	268,705
Other property and services	0	8,000	8,000
	<u>1,414,714</u>	<u>3,127,754</u>	<u>3,334,024</u>
Non-operating grants, subsidies and contributions			
Education and welfare	0	105,000	295,000
Housing	0	355,697	168,200
Community amenities	50,000	58,000	13,636
Recreation and culture	0	200,000	274,771
Transport	1,670,749	1,555,200	1,084,934
Economic services	0	200,000	183,000
	<u>1,720,749</u>	<u>2,473,897</u>	<u>2,019,541</u>
	<u>3,135,463</u>	<u>5,601,651</u>	<u>5,353,565</u>

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

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

37	35
----	----

32. ELECTED MEMBERS REMUNERATION

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

	2016 \$	2016 Budget \$	2015 \$
Meeting Fees	23,210	35,230	21,250
President's allowance	19,000	19,000	19,000
Deputy President's allowance	4,750	4,750	4,750
Other Councillor	10,231	13,149	6,579
	57,191	72,129	51,579

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

33. MAJOR LAND TRANSACTIONS

John Street/Hirshauer Street Residential Subdivision

(a) Details

Council commenced this 21 lot sub-division on Council owned land in 2007-2008. The sub-division currently comprises of the following lots: 3 lots have been sold to others and 18 are owned by the Shire of Perenjori.

It is proposed to review the market value of the lots and develop a marketing plan to sell those lots not required by the Shire.

(b) Current year transactions	2016 \$	2016 Budget \$	2015 \$
Operating income			
- Profit on sale	0	0	0
Capital income			
- Sale proceeds	0	0	0
Capital expenditure			
- Purchase of land	0	0	0
- Development costs	0	0	0
	0	0	0

(c) Expected Future Cash Flows

	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
Cash outflows					
- Development costs	0	0	0	0	0
- Loan repayments	(16,448)	(17,615)	(18,865)	(20,115)	(73,043)
	(16,448)	(17,615)	(18,865)	(20,115)	(73,043)
Cash inflows					
- Loan proceeds	0	0	0	0	0
- Sale proceeds	0	0	50,000	50,000	100,000
	0	0	50,000	50,000	100,000
Net cash flows	(16,448)	(17,615)	31,135	29,885	26,957

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,529,542	3,254,813	2,529,542	3,254,813
Receivables	281,841	473,263	281,841	473,263
	<u>2,811,383</u>	<u>3,728,076</u>	<u>2,811,383</u>	<u>3,728,076</u>
Financial liabilities				
Payables	273,422	466,949	273,422	466,949
Borrowings	1,487,856	1,399,849	1,665,552	1,399,849
	<u>1,761,278</u>	<u>1,866,798</u>	<u>1,938,974</u>	<u>1,866,798</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 PERENJORI
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	25,295	32,548
- Statement of Comprehensive Income	25,295	32,548

Notes:

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

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

35. FINANCIAL RISK MANAGEMENT (Continued)
(b) Receivables

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	61%	78%
- Overdue	39%	22%

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	273,422	0	0	273,422	273,422
Borrowings	313,360	1,081,384	417,753	1,812,497	1,487,856
	<u>586,782</u>	<u>1,081,384</u>	<u>417,753</u>	<u>2,085,919</u>	<u>1,761,278</u>
<u>2015</u>					
Payables	466,949	0	0	466,949	466,949
Borrowings	254,120	1,208,593	577,204	2,039,917	1,399,849
	<u>721,069</u>	<u>1,208,593</u>	<u>577,204</u>	<u>2,506,866</u>	<u>1,866,798</u>

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

35. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (continued)**

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debtentures	237,804	249,711	252,393	222,555	175,369	350,024	1,487,856	4.38%
Weighted average Effective interest rate	4.11%	4.17%	4.21%	4.21%	4.45%	5.11%		
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debtentures	175,005	185,068	195,724	196,803	647,250	0	1,399,850	5.63%
Weighted average Effective interest rate	5.58%	5.52%	5.49%	6.04%	6.04%			



RSM Australia Pty Ltd

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100

F +61(0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE RATEPAYERS OF

SHIRE OF PERENJORI

Report on the financial report

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

Chief Executive Officer's responsibility for the financial report

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

Auditor's responsibility

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

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

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ACN 009 321377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

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

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

Independence

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

Auditor's opinion on the financial report

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

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

Report on statutory compliance

We did not during the course of our audit become aware of any instances where the Shire of Perenjori did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they relate to the financial report.



RSM AUSTRALIA PTY LTD



D J WALL
Director

Perth, WA
Dated: 28 November 2016

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

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.71	0.73	0.46
Asset renewal funding ratio	1.56	2.05	1.94

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



Perenjori
Embrace Opportunity

*Attachment
16122.1*

Risk Report

*Audit Committee Meeting
13th December 2016*

Shire of Perenjori Risk Dashboard Report 02 December 2016

Executive Summary

This is the second report presented after initially being adopted by Council in 2014. Good progress has been made with further ongoing improvements to be implemented over the next 12 months.

1. Risk Profiles for the 16 themes discussed.
2. Risk Management Policy amendments and Procedures.

Recommendations

Embedding

1. Arrange for the attached Policy amendments and Procedures to be endorsed and adopted.

Risk Profiles

1. Discuss and review the attached Risk Profiles Review and approve all Risk Profiles (from a Risk & Control perspective).
2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)

Misconduct		Risk	Control
		High	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Checking of Bank Statements by second person	Feb-16	MCDS	
Internal financial audit - Annual	May-17	MCDS	
Spot Checks of PO's, Payroll (at least a twice a year)	Ongoing	MCDS	

Business & community disruption		Risk	Control
		High	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Develop Business Continuity Plan for Admin Building (In Process)	Dec-16	CEO	

Inadequate environmental management		Risk	Control
		High	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Build Transfer Station	Jun-17	MIS	
Identify land for joint waste Facility with Morawa	Mar-17	CEO	

Errors, omissions & delays		Risk	Control
		Moderate	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Continued checking and monitoring by Senior Staff	ongoing	CEO, MCDS, MIS	
Participate in Bi-Annual WALGA remuneration survey	Bi-Annual	MCDS	
Procedures written up for all back end tasks	Mar-17	CEO, SFO, MCDS	

External theft & fraud (inc. Cyber Crime)		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Develop and implement cash handling procedures	Mar-17	SFO & CSO	

Ineffective management of facilities / venues / events		Risk	Control
		High	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Implement a booking system including key issuance	Monitor	MCDS	
Establish Bus booking and checking procedure	Dec-16	MCDS, Customer Service	
Implement the Event Guide for all events	Ongoing	CDO	

Shire of Perenjori Risk Dashboard Report 02 December 2016

<u>Failure to fulfil statutory, regulatory or compliance requirements</u>		Risk	Control
		Low	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Implement Induction process developed by LGIS	Ongoing	CEO, MCDS, MIS	
Provide compliance list to Councillors	Nov-16	MCDS	
Ensure compliance requirements are met	Ongoing	MCDS, CEO	

<u>Providing inaccurate advice / information</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Identify formal Customer Service training for all staff	Jun-16	MCDS	
Development and Implementation of Customer Service Charter	Dec-16	MCDS	
procedure manual documenting information and tasks	Mar-17	MCDS, CSO	

<u>Inadequate document management processes</u>		Risk	Control
		Moderate	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Review Records Management Policy and associated procedures	Annual June 2017	CEO	
Ongoing Training for new staff	ongoing	CEO	
Monitoring of Outstanding Records	Monthly	CEO	

<u>Inadequate engagement practices</u>		Risk	Control
		Moderate	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
Review of Corporate Business Plan to involve community	Annual	CEO	
Regular newsletters	ongoing, monthly	CDO	
Feedback mechanisms developed	Feb-17	CDO and CEO	

<u>Inadequate asset sustainability practices</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Adoption of Asset management Policy	Nov-16	CEO	
Review of Asset management Plan	Nov-16	CEO	

<u>Inadequate safety and security practices</u>		Risk	Control
		High	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Refer to OSH Tracker for regular updates	Quarterly	CEO	
Regular workplace inspections	Quarterly	CEO	
	as required	CEO, MCDS, MIS	

<u>Ineffective employment practices</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Continue workforce development plan strategies	Ongoing	MCDS	
Create an organisational training register (amalgamate individual plans) based on gaps identified	Ongoing	Admin Officer	
Improve Performance review process - bi-annually	Bi-annual	All supervisors	

<u>Inadequate project / change management</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Project management template and process to be developed and implemented	Dec-16	CEO	
Establish Project working group with Shire President	Dec-16	CEO, Council	

<u>Inadequate supplier / contract management</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Develop process of review for the Agreements Register (delegated task)	Annual check	CEO	
Develop monitoring process / feedback for provision of Medical services (in conjunction with Morawa)	Annual	CEO	
	Annual	CEO	

<u>Failure of IT &/or communication systems and infrastructure</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
Convert IT Framework to Databank (Geraldton)	Dec-16	CEO	
Establish IT Disaster Recovery Plan	Dec-16	CEO	

Business & community disruption

Dec-16

This Risk Theme is defined as:

Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal Shire business activities. The event may result in damage to buildings, property, plant & equipment (all assets). This could be a natural disaster, weather event, or an act carried out by an external party (inc. vandalism). This includes;

- Lack of (or inadequate) emergency response / business continuity plans.
- Lack of training to specific individuals or availability of appropriate emergency response.
- Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.
- Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc

This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT & communication systems and infrastructure".

Potential causes include:

- Cyclone, Storm Surges, Fire, Earthquake
- Terrorism / Sabotage / Criminal Behaviour
- Epidemic / Pandemic
- Extended power outage
- Economic Factors
- Loss of Key Staff

Key Controls	Type	Date	Shire Rating
<i>Business Continuity Framework</i>	<i>Preventative</i>	<i>Oct-16</i>	Inadequate
<i>Volunteer Management & Training</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>LEM Exercises</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Functional LEMC</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Current LEMA & Recovery Plans</i>	<i>Recovery</i>	<i>Oct-16</i>	Effective
<i>Current Bushfire Risk Management Plan</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
Consequence:	<i>Major</i>
Likelihood:	<i>Possible</i>
Overall Risk Ratings:	High

Business & community disruption**Dec-16**

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Limited or no Power</i>	<i>Red</i>	<i>Oct-16</i>	adequate
<i>Appropriate staff response to disruptions and well managed</i>	<i>Red</i>		adequate
<i>Limited ability for staff to function in their roles</i>	<i>Amber</i>		adequate
<i>Community feedback</i>	<i>Red</i>		adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 17th October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Develop Business Continuity Plan for Admin Building (In Process)</i>	<i>Dec-16</i>	<i>CEO</i>
<i>Annual Firebreak Checks</i>	<i>September, Annually</i>	<i>CEO, CESM, Ranger</i>
<i>Annual exercises and reviews</i>	<i>Annually</i>	<i>Senior Staff</i>

Failure of IT &/or communication systems and infrastructure

Dec-16

This Risk Theme is defined as:

Instability, degradation of performance, or other failure of IT Systems, Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by:

- Hardware &/or Software
- IT Network
- Failures of IT Vendors

This also includes where poor governance results in the breakdown of IT maintenance such as;

- Configuration management
- Performance Monitoring
- IT Incident, Problem Management & Disaster Recovery Processes

This does not include new system implementations - refer "Inadequate Project / Change Management".

Potential causes include:

- Weather impacts
- Power outage at service provider
- Out dated / inefficient hardware
- Incompatibility between operating system and Microsoft
- Power failure
- Infrastructure breakdown such as landlines, radio communications.
- Lack of training
- Software vulnerability (e.g. MS Access)

Key Controls	Type	Date	Shire Rating
<i>Data Back up Systems</i>	<i>Recovery</i>	<i>Oct-16</i>	Adequate
<i>Performance Monitoring (Wallis)</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Generator</i>	<i>Preventative / Recovery</i>	<i>Oct-16</i>	Adequate
<i>Disaster Recovery Plan</i>	<i>Detective</i>	<i>Oct-16</i>	Inadequate
<i>IT Infrastructure Replacement / Refresh Program</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate

Failure of IT &/or communication systems and infrastructure

Dec-16

Overall Control Ratings:

Adequate

Risk Ratings	Shire Rating
Consequence:	Moderate
Likelihood:	Possible

Overall Risk Ratings:

Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
Business continuity	Amber	Oct-16	inadequate
Staff able to function with communications	Amber		adequate
Minimal time loss with power disruptions	Red		adequate
Recovery Plan implemented well	Red		inadequate
Staff competent and take initiative	Amber		adequate

Comments

As rated by Ali Mills (CEO) on the 17th October 2016.

It was noted that the Corporate Business Plan rated ICT system risk as medium " ICT systems can quickly reach their tipping point, and the functionality of new technology can greatly enhance workforce productivity".

Current Issues / Actions / Treatments	Due Date	Responsibility
Convert IT Framework to Databank (Geraldton)	Dec-16	CEO
Establish IT Disaster Recovery Plan	Dec-16	CEO

External theft & fraud (inc. Cyber Crime)

Dec-16

This Risk Theme is defined as:

Loss of funds, assets, data or unauthorised access, (whether attempts or successful) by external parties, through any means (including electronic), for the purposes of;

- Fraud – benefit or gain by deceit
- Malicious Damage – hacking, deleting, breaking or reducing the integrity or performance of systems
- Theft – stealing of data, assets or information (no deceit)

Examples include:

- Scam Invoices
- Cash or other valuables from 'Outstations'.

Potential causes include:

- Inadequate security of equipment / supplies / cash
- Robbery
- Scam Invoices
- Inadequate provision for patrons belongings
- Lack of Supervision

Key Controls	Type	Date	Shire Rating
<i>Physical Security (locks, gates, windows)</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>CCTV</i>	<i>Recovery</i>	<i>Oct-16</i>	Adequate
<i>Financial management Practices</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Shire Rating
---------------------	--------------

External theft & fraud (inc. Cyber Crime)

Dec-16

Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i># Incidents - Thefts</i>	<i>Red</i>	<i>Oct-16</i>	Adequate
<i>Near misses - Reported</i>	<i>Amber</i>		Adequate
<i>Clean Financial Management Checks</i>	<i>Red</i>		Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 17th October 2016.</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Implement Recommendations from FMR</i>	<i>Jun-17</i>	<i>MCDS, SFO, CEO</i>
<i>Develop and implement cash handling procedures</i>	<i>Mar-17</i>	<i>SFO & CSO</i>

Misconduct

Dec-16

This Risk Theme is defined as:

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:

- Relevant authorisations not obtained.
- Distributing confidential information.
- Accessing systems and / or applications without correct authority to do so.
- Misrepresenting data in reports.
- Theft by an employee
- Collusion between Internal & External parties

This does not include instances where it was not an intentional breach - refer Errors, Omissions or delays in transaction processing, or Inaccurate Advice.

Potential causes include:

- Lack of training
- Changing of job titles
- Delegated authority process inadequately implemented
- Disgruntled employees
- Lack of understanding
- Poor internal checks (PO's and delegated authority)
- Password sharing

Key Controls	Type	Date	Shire Rating
<i>Delegation Register - Framework</i>	<i>Detective</i>	<i>Aug-16</i>	Effective
<i>Induction Process (Code of Conduct) Implemented</i>	<i>Preventative</i>	<i>Ongoing</i>	Adequate
<i>Segregation of Duties (Financial)- Procurement Process</i>	<i>Preventative</i>	<i>Ongoing</i>	Effective
<i>IT Security Access Framework (Profiles & Passwords)</i>	<i>Preventative</i>	<i>Ongoing</i>	Adequate
<i>Adequate staff training</i>	<i>Preventative</i>	<i>Ongoing</i>	Adequate
<i>Effective staff communications</i>	<i>Preventative</i>	<i>Ongoing</i>	Effective
Overall Control Ratings:			Adequate

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Major</i>
<i>Likelihood:</i>	<i>Possible</i>
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Incidents Reported</i>	<i>Red</i>	Oct-16	Adequate
<i>Inductions on employee files</i>	<i>Amber</i>		Adequate
<i>Clean audits</i>	<i>Red</i>		Adequate
<i>Clean Financial checks</i>	<i>Red</i>		Adequate
<i>Clear PO's & Segregation of Duties</i>	<i>Amber</i>		Adequate

Comments
As rated by Ali Mills (CEO) on the 17th October 2016.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Checking of Bank Statements by second person</i>	<i>Feb-16</i>	<i>MCDS</i>
<i>Internal financial audit - Annual</i>	<i>May-17</i>	<i>MCDS</i>
<i>Spot Checks of PO's, Payroll (at least a twice a year)</i>	<i>Ongoing</i>	<i>MCDS</i>

Inadequate safety and security practices

Dec-16

This Risk Theme is defined as:

Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are:

- Inadequate Policy, Frameworks, Systems and Structure to prevent the injury of visitors, staff, contractors and/or tenants.
- Inadequate Organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc).
- Inadequate security protection measures in place for buildings, depots and other places of work (vehicle, community etc).
- Public Liability Claims, due to negligence or personal injury.
- Employee Liability Claims due to negligence or personal injury.
- Inadequate or unsafe modifications to plant & equipment

Potential causes include:

- Lack of appropriate PPE / Equipment
- Inadequate first aid supplies or trained staff
- Rubbish / Litter Control
- Inadequate security arrangements
- Inadequate signage, barriers or other exclusion techniques
- Storage and use of Dangerous Goods
- Ineffective / inadequate testing, sampling (similar) health based req'
- Lack of mandate and commitment from Senior Management

Key Controls	Type	Date	Shire Rating
<i>Workplace Inspections</i>	<i>Preventative</i>	<i>Ongoing</i>	Effective
<i>Staff Individual Training Plans</i>	<i>Preventative</i>	<i>Ongoing</i>	Adequate
<i>Hazard Register</i>	<i>Detective</i>	<i>Ongoing</i>	Adequate
<i>OSH Management Framework</i>	<i>Preventative</i>	<i>Ongoing</i>	Effective
<i>Contractor / Site Inductions</i>	<i>Preventative</i>	<i>Annual</i>	Adequate
<i>Staff Inductions</i>	<i>Preventative</i>	<i>Ongoing</i>	Effective
<i>Organisational Emergency Mgt (Evac plans & drills, Wardens,etc)</i>	<i>Preventative</i>	<i>Ongoing</i>	Adequate

Overall Control Ratings:	Adequate
---------------------------------	-----------------

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Moderate</i>
<i>Likelihood:</i>	<i>Almost Certain</i>

Overall Risk Ratings:	High
------------------------------	-------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>4801 Audit Results - LGIS</i>	<i>Red</i>	<i>Oct-16</i>	<i>Adequate</i>
<i>LTIFR</i>	<i>Red</i>		<i>Adequate</i>
<i>Safety Team minutes</i>	<i>Green</i>		<i>Adequate</i>
<i>Reduced items in audits</i>	<i>Amber</i>		<i>Adequate</i>
<i>Audit Actions - Implemented</i>	<i>Red</i>		<i>Adequate</i>
Comments			
<i>Dated by Ali Mills (CEO) 17th October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Refer to OSH Tracker for regular updates</i>	<i>Quarterly</i>	<i>CEO</i>
<i>Regular workplace inspections</i>	<i>Quarterly</i>	<i>CEO</i>
<i>Inductions of all staff</i>	<i>as required</i>	<i>CEO, MCDS, MIS</i>

Inadequate project / change management

Dec-16

This Risk Theme is defined as:

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time requirements or scope changes. This includes:

- Inadequate Change Management Framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.
- Failure to implement new systems
- Failures of IT Project Vendors/Contractors

This includes Directorate or Service Unit driven change initiatives except new Plant & Equipment purchases. Refer "Inadequate Asset Management"

Potential causes include:

- Lack of communication and consultation
- Lack of investment
- Ineffective management of expectations (scope creep)
- Inadequate project planning (resources/budget)
- Shire growth (too many projects)
- Inadequate monitoring and review
- Project risks not managed effectively
- Lack of Project methodology knowledge and reporting requirements

Key Controls	Type	Date	Shire Rating
<i>Project Working Group</i>	<i>Detective</i>	<i>Ongoing</i>	Effective
<i>Project Status Reporting to Council</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Membership to WALGA and use of Procurement templates</i>	<i>Detective</i>	<i>ongoing</i>	Effective
<i>Project methodology</i>	<i>Detective</i>	<i>Oct-16</i>	Inadequate

Overall Control Ratings:

Adequate

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Major</i>
<i>Likelihood:</i>	<i>Unlikely</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Working group notes</i>	<i>Green</i>	Oct-16	Adequate
<i>Council satisfied with reports</i>	<i>Amber</i>		Adequate
<i>Compliance in procurement</i>	<i>Red</i>		Adequate
<i>Staff using project methodology</i>	<i>Amber</i>		Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 18th October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Project management template and process to be developed and implemented</i>	<i>Dec-16</i>	<i>CEO</i>
<i>Establish Project working group with Shire President</i>	<i>Dec-16</i>	<i>CEO, Council</i>

Errors, omissions & delays

Dec-16

This Risk Theme is defined as:

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process. This includes instances of;

- Human errors, incorrect or incomplete processing
- Inaccurate recording, maintenance, testing and / or reconciliation of data.
- Errors or inadequacies in model methodology, design, calculation or implementation of models.

This may result in incomplete or inaccurate information. Consequences include;

- Inaccurate data being used for management decision making and reporting.
- Delays in service to customers
- Inaccurate data provided to customers

This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".

Potential causes include:

- Human Error
- Inadequate procedures or training
- Lack of Staff (or trained staff)
- Incorrect information
- Miscommunication

Key Controls	Type	Date	Shire Rating
<i>Documented Procedures / Checklists</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Complaints Register / Process</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Segregation of Duties (Financial Control)</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Competitive wage and package levels</i>	<i>Preventative</i>	<i>ongoing</i>	Effective
<i>Monitoring and checking of outgoing Comms</i>	<i>Preventative</i>	<i>Ongoing</i>	Adequate

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Moderate</i>
<i>Likelihood:</i>	<i>Unlikely</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>PD developed</i>	<i>Amber</i>	Oct-16	Adequate
<i>Staff training matrix</i>	<i>Amber</i>		Adequate
<i>Performance reviews</i>	<i>Amber</i>		Adequate
<i>Incidents</i>	<i>Red</i>		Adequate
<i>Financial checks</i>	<i>Red</i>		Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 17th October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Continued checking and monitoring by Senior Staff</i>	<i>ongoing</i>	<i>CEO, MCDS, MIS</i>
<i>Participate in Bi-Annual WALGA remuneration survey</i>	<i>Bi-Annual</i>	<i>MCDS</i>
<i>Procedures written up for all back end tasks</i>	<i>Mar-17</i>	<i>CEO, SFO, MCDS</i>
<i>Multi-Skilling</i>	<i>Ongoing</i>	<i>CEO, SFO, MCD, CSO</i>
<i>Project Management checklist and template</i>	<i>Mar-17</i>	<i>CEO, SFO, MCDS</i>
<i>Project working Group established</i>	<i>Dec-16</i>	<i>CEO, MCD, President</i>

Inadequate document management processes

Dec-16

This Risk Theme is defined as:

Failure to adequately capture, store, archive, retrieve, provision and / or disposal of documentation. This includes:

- Contact lists.
- Procedural documents.
- 'Application' proposals/documents.
- Contracts.
- Forms, requests or other documents.

Potential causes include;

- Spreadsheet/Database/Document corruption or loss
- Inadequate access and / or security levels
- Inadequate Storage facilities (including climate control)
- High Staff turnover
- Outdated record keeping practices / incompatible systems
- Lack of system/application knowledge
- High workloads and time pressures
- Incomplete authorisation trails

Key Controls	Type	Date	Shire Rating
<i>Policy & Procedural Review Process</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Records Management Process (filing & archiving)</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Records Management Policy Review</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Document / Correspondence receipt & action process (Synergy)</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Adequate staff training of Records system</i>	<i>Preventative</i>	<i>ongoing</i>	Adequate

Overall Control Ratings:

Effective

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>

Likelihood:	<i>Unlikely</i>
--------------------	-----------------

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Records adequately stored</i>	<i>Amber</i>	Oct-16	Adequate
<i>Staff trained in Records</i>	<i>Amber</i>		Adequate
<i>Efficient file retrieval capability</i>	<i>Amber</i>		Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 28th August 2014.</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Review Records Management Policy and associated procedures</i>	<i>Annual June 2017</i>	<i>CEO</i>
<i>Ongoing Training for new staff</i>	<i>ongoing</i>	<i>CEO</i>
<i>Monitoring of Outstanding Records</i>	<i>Monthly</i>	<i>CEO</i>

Inadequate supplier / contract management

Dec-16

This Risk Theme is defined as:

Inadequate management of External Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes. This also includes:

- Concentration issues
- Vendor sustainability

It does not include failures in the tender process; refer "Inadequate Procurement, Disposal or Tender Practices".

Potential causes include;

- Funding
- Complexity and quantity of work
- Inadequate tendering process
- Geographical remoteness
- Inadequate contract management practices
- Ineffective monitoring of deliverables
- Lack of planning and clarity of requirements
- Historical contracts remaining

Key Controls	Type	Date	Shire Rating
<i>Contract Management System / Register</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Review Meetings (Large Capital Projects)</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Review Meetings (Medical Services)</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Review Meetings (Waste)</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>WALGA membership and contracting of procurement services for large projects</i>	<i>Preventative</i>	<i>Annual and as required</i>	Effective

Overall Control Ratings:	Adequate
---------------------------------	-----------------

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>

Likelihood:	<i>Possible</i>
--------------------	-----------------

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Contracts current and renewed</i>	<i>Red</i>	Oct-16	Adequate
<i>Meeting notes</i>	<i>Green</i>		Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 17th October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Develop process of review for the Agreements Register (delegated task)</i>	<i>Annual check</i>	<i>CEO</i>
<i>Develop monitoring process / feedback for provision of Medical services (in conjunction with Morawa)</i>	<i>Annual</i>	<i>CEO</i>
	<i>Annual</i>	<i>CEO</i>

Providing inaccurate advice / information

Dec-16

This Risk Theme is defined as:

Incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff. This could be caused by using unqualified, or inexperienced staff, however it does not include instances relating to Misconduct.

Examples include;

- incorrect planning, development or building advice,
- incorrect health or environmental advice
- inconsistent messages or responses from Customer Service Staff
- any advice that is not consistent with legislative requirements or local laws.

Potential causes include:

- Lack of qualified staff
- Long lead times for responses
- Increasing workloads
- Lack of appropriate technical knowlegde relevant to the context
- Poor working relationships between internal staff/departments

Key Controls	Type	Date	Shire Rating
<i>Contracting of external expertise</i>	<i>Detective</i>	<i>ongoing</i>	Effective
<i>Regular training with Customer service staff</i>	<i>Preventative</i>	<i>Twice a year</i>	Adequate
<i>Complaints Register</i>	<i>Preventative</i>	<i>Ongoing</i>	Effective
<i>Monitoring Customer service</i>	<i>Detective</i>	<i>Ongoing</i>	Adequate
<i>Customer Service Charter</i>	<i>Preventative</i>	<i>Oct-16</i>	Inadequate

Overall Control Ratings:	Adequate
---------------------------------	-----------------

Risk Ratings	Shire Rating
---------------------	---------------------

Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>

Overall Risk Ratings:	Moderate
------------------------------	-----------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>information</i>	<i>Amber</i>	Oct-16	Adequate
<i>Response times to queries/Complaints</i>	<i>Amber</i>	Oct-16	Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 17 October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Identify formal Customer Service training for all staff</i>	<i>Jun-16</i>	<i>MCDS</i>
<i>Development and Implementation of Customer Service Charter</i>	<i>Dec-16</i>	<i>MCDS</i>
<i>procedure manual documenting information and tasks</i>	<i>Mar-17</i>	<i>MCDS, CSO</i>

Ineffective employment practices

Aug-14

This Risk Theme is defined as:

Failure to effectively manage and lead human resources (full/part time, casuals, temporary and volunteers). This includes not having an effective Human Resources Framework in addition to not having appropriately qualified or experienced people in the right roles or not having sufficient staff numbers to achieve objectives. Other areas in this risk theme to consider are;

- Breaching employee regulations (excluding OH&S).
- Discrimination, Harassment & Bullying in the workplace.
- Poor employee wellbeing (causing stress)
- Key person dependencies without effective succession planning in place.
- Induction issues.
- Terminations (including any tribunal issues).
- Industrial activity.

Care should be taken when considering insufficient staff numbers as the underlying issue could be a process inefficiency.

Potential causes include:

- Leadership failures
- Available staff / volunteers are generally highly transient.
- Single Person Dependencies
- Poor internal communications / relationships
- Ineffective performance management programs or procedures.
- Ineffective training programs or procedures.
- Limited staff availability - mining / private sectors (pay & conditions).
- Inadequate Induction practices.

Key Controls	Type	Date	Shire Rating
<i>Policy & Procedures</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Training Needs Analysis & Training Register</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Cross Skilling / Shared Services (Morawa)</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Staff Inductions (Code of Conduct Component)</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Performance Review Process</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
Overall Control Ratings:			Adequate

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Moderate</i>
<i>Likelihood:</i>	<i>Possible</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>% Staff turnover rate</i>	<i>Amber</i>	Oct-16	Adequate
<i>Absenteeism</i>	<i>Amber</i>		Adequate
<i>Workers Compensation Claims (Stress Claims)</i>	<i>Red</i>		Adequate

Comments
 As rated by Ali Mills (CEO) on the 17 October 2016
 The following related areas were highlighted in the Corporate Business Plan: HR Processes (High Risk); Workforce Planning & Cost Modelling (High Risk); Skills Development (Medium Risk); Workforce (High Risk).

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Continue workforce development plan strategies</i>	<i>Ongoing</i>	<i>MCDS</i>
<i>Create an organisational training register (amalgamate individual plans) based on gaps identified</i>	<i>Ongoing</i>	<i>Admin Officer</i>
<i>Improve Performance review process - bi-annually</i>	<i>Bi-annual</i>	<i>All supervisors</i>

Failure to fulfil statutory, regulatory or compliance requirements

Dec-16

This Risk Theme is defined as:

Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal & public domain) to reflect changes.

This does not include Occupational Safety & Health Act (refer "Inadequate employee and visitor safety and security") or any Employment Practices based legislation (refer "Ineffective Employment practices")

It does include the Local Government Act, Health Act, Building Act, Privacy Act and all other legislative based obligations for Local Government.

Potential causes include:

- Lack of training, awareness and knowledge
- Staff Turnover
- Inadequate record keeping
- Ineffective processes
- Lack of Legal Expertise
- Councillor Turnover
- Breakdowns in Tender process
- Ineffective monitoring of changes to legislation

Key Controls	Type	Date	Shire Rating
<i>Compliance Return (DLG)</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Compliance Calendars</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Tender Process (eQuotes)</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Subscriptions (WALGA)</i>	<i>Preventative</i>	<i>ongoing</i>	Effective
<i>Induction Process - Councillors / Staff</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective

Overall Control Ratings:

Effective

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Minor</i>
<i>Likelihood:</i>	<i>Unlikely</i>
Overall Risk Ratings:	Low

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Compliance Audit Return completed and adequate</i>	<i>Red</i>	<i>Oct-16</i>	Adequate
<i>Annual Budget completed</i>	<i>Red</i>		Adequate
<i>Annual Budget Review Completed</i>	<i>Red</i>		Adequate
<i>Annual Report completed</i>	<i>Red</i>		Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the Feb 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Implement Induction process developed by LGIS</i>	<i>Ongoing</i>	<i>CEO, MCDS, MIS</i>
<i>Provide compliance list to Councillors</i>	<i>Nov-16</i>	<i>MCDS</i>
<i>Ensure compliance requirements are met</i>	<i>Ongoing</i>	<i>MCDS, CEO</i>

Inadequate asset sustainability practices

Dec-16

This Risk Theme is defined as:

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal. Areas included in the scope are;

- Inadequate design (not fit for purpose)
- Ineffective usage (down time)
- Outputs not meeting expectations
- Inadequate maintenance activities.
- Inadequate financial management and planning.

It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.

Potential causes include:

- Skill level & behaviour of operators
- Lack of trained staff
- Outdated equipment
- Unavailability of parts
- Lack of formal or appropriate scheduling (maintenance / inspections)
- Unexpected breakdowns

Key Controls	Type	Date	Shire Rating
<i>Fixed Asset Register</i>	<i>Preventative</i>	<i>Feb-14</i>	Adequate
<i>Asset Management Plan</i>	<i>Preventative</i>		Adequate
<i>Planned Building Maintenance</i>	<i>Detective</i>		Effective
<i>Planned Plant Replacement Program</i>	<i>Preventative</i>		Effective
<i>Road Asset Management System (ROMANS)</i>	<i>Preventative</i>		Adequate
Overall Control Ratings:			Adequate

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Moderate</i>
<i>Likelihood:</i>	<i>Possible</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Asset Sustainability Ratio</i>	<i>Amber</i>	<i>Oct-16</i>	<i>Adequate</i>
<i>Asset Consumption Ratio</i>	<i>Amber</i>	<i>Oct-16</i>	<i>Adequate</i>
<i>Asset Renewal Funding Ratio</i>	<i>Amber</i>	<i>Oct-16</i>	<i>Adequate</i>
<i>% Satisfaction with with Shire Assets</i>	<i>Amber</i>	<i>Oct-16</i>	<i>Adequate</i>
Comments			
<p><i>As rated by Ali Mills (CEO) on the 17th October 2016</i></p> <p><i>Refer Section 5.2 Risk Management Plan, within the Asset Management Plan provides an overview of related risks. Section 8 Plan Improvement and Monitoring lists a number of priority tasks that are required in respect to Asset Management.</i></p>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Adoption of Asset management Policy</i>	<i>Nov-16</i>	<i>CEO</i>
<i>Review of Asset management Plan</i>	<i>Nov-16</i>	<i>CEO</i>

Inadequate engagement practices

Dec-16

This Risk Theme is defined as;

Failure to maintain effective working relationships with the Community (including Local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This invariably includes activities where communication, feedback and / or consultation is required and where it is in the best interests to do so. For example;

- Following up on any access & inclusion issues.
- Infrastructure Projects.
- Regional or District Committee attendance.
- Local Planning initiatives.
- Strategic Planning initiatives

This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.

Potential causes include;

- Budget / funding issues
- Media attention
- Inadequate documentation or procedures
- Short lead times
- Miscommunication / Poor communication
- Relationship breakdowns with community groups

Key Controls	Type	Date	Shire Rating
<i>Newsletters / Noticeboards / E-mails / Website</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Communication to Councillors (mid month)</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Councillor Briefing sessions and workshops</i>	<i>Preventative</i>	<i>ongoing</i>	Effective
<i>Community Meetings and workshops</i>	<i>Preventative</i>	<i>as required</i>	Adequate

Overall Control Ratings:

Effective

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Moderate</i>
<i>Likelihood:</i>	<i>Unlikely</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>% community feeling they have opportunities to participate in planning</i>	<i>Amber</i>	<i>Oct-16</i>	Adequate
<i>% community satisfaction with the Shire's advocacy and community representation</i>	<i>Red</i>	<i>Oct-16</i>	Adequate
Comments			
<p><i>As rated by Ali Mills (CEO) on the 28th August 2014.</i></p> <p><i>It was noted that the Corporate Business Plan rated Stakeholder Management System risk as medium "The current system works as the organisation is small, however increasing the project load will cause the current system to be put under pressure. Loss of any individual will cause loss of key relationship".</i></p>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Review of Corporate Business Plan to involve community</i>	<i>Annual</i>	<i>CEO</i>
<i>Regular newsletters</i>	<i>ongoing, monthly</i>	<i>CDO</i>
<i>Feedback mechanisms developed</i>	<i>Feb-17</i>	<i>CDO and CEO</i>
<i>Weekly story update on website</i>	<i>Ongoing, weekly</i>	<i>CDO and CEO</i>

Ineffective management of facilities / venues / events

Dec-16

This Risk Theme is defined as:

Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;

- Inadequate procedures in place to manage the quality or availability.
- Ineffective signage
- Booking issues
- Financial interactions with hirers / users
- Oversight / provision of peripheral services (eg. cleaning / maintenance)

Potential causes include:

- Double bookings
- Illegal alcohol consumption
- Managing bond payments
- Animal contamination.
- Failed chemical / health requirements.
- Access to facilities / venues.

Key Controls	Type	Date	Shire Rating
<i>Events Policy / Procedures</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Booking System</i>	<i>Preventative</i>	<i>Oct-16</i>	Effective
<i>Maintenance Schedules</i>	<i>Detective</i>	<i>Oct-16</i>	Effective
<i>Community Feedback process</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate

Overall Control Ratings:	Effective
---------------------------------	------------------

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Likely</i>

Overall Risk Ratings:	High
------------------------------	-------------

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Attendance at Arts & cultural activities</i>	<i>Amber</i>	<i>Oct-16</i>	Adequate
<i>% community satisfaction with with services and facilities</i>	<i>Amber</i>		Adequate
<i>Facilities well used and maintained</i>	<i>Amber</i>		Adequate
Comments			
<i>As rated by Ali Mills (CEO) on the 17th October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Implement a booking system including key issuance / return</i>	<i>Monitor</i>	<i>MCDS</i>
<i>Establish Bus booking and checking procedure</i>	<i>Dec-16</i>	<i>MCDS, Customer Service</i>
<i>Implement the Event Guide for all events</i>	<i>Ongoing</i>	<i>CDO</i>

Inadequate environmental management

Dec-16

This Risk Theme is defined as:

Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes;

- Lack of adequate planning and management of coastal erosion issues.
- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Weed control.
- Ineffective management of water sources (reclaimed, potable)
- Illegal dumping.
- Illegal clearing / land use.

Potential causes include;

- Inadequate management of landfill sites
- Inadequate reporting / oversight frameworks
- lack of understanding / knowledge
- Community apathy.
- Inadequate local laws / planning schemes

Key Controls	Type	Date	Shire Rating
<i>Landfill / Waste Management Operational Plans</i>	<i>Detective</i>	<i>Oct-16</i>	Adequate
<i>Sewerage Pond management controls</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Support Environmental Groups (NACC, Yarra Yarra CMG & Wild Dog Programme)</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate
<i>Caron Dam protected</i>	<i>Preventative</i>	<i>Oct-16</i>	Inadequate
<i>Community awareness - illegal dumping</i>	<i>Preventative</i>	<i>Oct-16</i>	Adequate

Overall Control Ratings:

Adequate

Risk Ratings	Shire Rating
<i>Consequence:</i>	<i>Major</i>
<i>Likelihood:</i>	<i>Possible</i>
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Operational plans</i>	<i>Amber</i>	<i>Oct-16</i>	<i>Inadequate</i>
<i>Environmental group support</i>	<i>Amber</i>		<i>Adequate</i>
<i>Caron dam Evap issue resolved</i>	<i>Amber</i>		<i>Inadequate</i>
<i>Plan for transition of Waste site to Transfer station and regional</i>			<i>Inadequate</i>
Comments			
<i>As rated by Ali Mills (CEO) on the 17th October 2016</i>			

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Build Transfer Station</i>	<i>Jun-17</i>	<i>MIS</i>
<i>Identify land for joint waste Facility with Morawa</i>	<i>Mar-17</i>	<i>CEO</i>
<i>Establish interim plan for current waste site</i>	<i>Mar-17</i>	<i>CEO & MIS</i>



Perenjori
Embrace Opportunity

Previous Minutes

*Audit Committee Meeting
18th August 2016*

Shire of Perenjori

MINUTES

Audit Committee Meeting

Table of Contents

Held in the Council Chambers, Fowler Street, Perenjori on the 18th August 2016, Commenced at
11.15 am.

16081	PRELIMINARIES	2
16081.1	RECORD OF ATTENDANCE AND APOLOGIES	2
16081.2	CONFIRMATION OF MINUTES.....	2
16082	FINANCIAL MANAGEMENT REVIEW REPORT	2
16083	OTHER BUSINESS	4
16083.1	DATE OF NEXT MEETING / MEETINGS	5
16083.2	CLOSURE.....	5

16081 PRELIMINARIES

Cr L Butler declared the meeting open at 11.15 am.

16081.1 RECORD OF ATTENDANCE AND APOLOGIES

Cr L Butler
 Cr K Pohl
 Cr L Smith
 Cr J Hirsch
 Ali Mills – CEO
 Peter Money – MCDS
 Deb Barndon - SFO
 Ron Back – Via Phone
 Bianca Plug – Minute Taker

16081.2 CONFIRMATION OF MINUTES

Minutes from the previous Audit Committee meeting held on the 17th March 2016 are attached.

Motion – Item 16082

That Council accepts the Minutes from the previous Audit Committee meeting of the 17th March 2016 as a true and correct record of that Meeting.

Committee Resolution – Item 16082

Moved: Cr J Hirsch

Seconded: Cr K Pohl

That Council accepts the Minutes from the previous Audit Committee meeting of the 17th March 2016 as a true and correct record of that Meeting.

Carried: 5/0

16082 FINANCIAL MANAGEMENT REVIEW REPORT

APPLICANT: SHIRE OF PERENJORI
FILE: ADM 0087
DISCLOSURE OF INTEREST: NIL
AUTHOR: CEO – ALI MILLS
RESPONSIBLE OFFICER CEO – ALI MILLS
REPORT DATE: 18TH AUGUST 2016
ATTACHMENTS REPORT

Executive Summary

This item requires Council to note the results of the Financial Management Review – Report completed by Megan Shirt, an independent Accountant.

Background

Chief Executive Officers (CEO's) are required by legislation to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly, and not less than once in every four financial years, and to report the results of the review to Council.

The CEO contracted Megan Shirt, to conduct the review as an external consultant. The review was conducted at the Administration office on the 25th and 26th May 2016. The review has identified thirty two areas for improvement. The risk weighting for the improvements are summarized in the tables below from high to low. Many of the items relate to the development of procedures which ensure work practices are sustained in a consistent way. Rather than re-inventing the wheel, these will be sourced from other Council's. Some items can be attended to with little effort required whilst some actions will take some time and resources.

Council MCDS and team will ensure the actions are being addressed in order of priority, whilst the CEO will monitor progress on a fortnightly basis with the MCDS.

Shire of Perenjori		Priority
REVIEW OF FINANCIAL SYSTEMS Financial Year March 2015 - March 2016		H M L
Local Government (Financial Management) Regulations 5(2)(c)		
ACTION/COMMENT		
1	Current Financial System - Finalise Business Continuity Plan with LGIS	H
2	Current Financial System - Review Roman II position in conjunction with Asset Management Review	M
3	POLICIES AND PROCEDURES - Review and update Policy Manual - Review current policies to remove procedures, and include these in procedures manual	H
4	POLICIES AND PROCEDURES - Review Delegation Register and develop policies for those required.	H
5	POLICIES AND PROCEDURES - Develop Policies for required items	H
6	POLICIES AND PROCEDURES - Review DLD&C List and include policies as determined required	H
7	Disbursement of funds - Written procedures are often included in the Policy, but should form part of a procedures manual.	M
8	Disbursement of funds - Review and update Purchasing Policy (include WALGA equote) and recent tendering amendments	H
9	Disbursement of funds - Written procedures for BAS processing should form part of a procedures manual.	L
10	Assets/Liabilities - Develop written procedures for the recognition and capitalisation of the Shires Assets	M
11	Other accounting processes - Review current procedures for correctness	M
12	Other accounting processes - Accounting processes are evident but need to be documented	M
13	External audit and process reviews - Purchasing Procedures and processes require written documentation	M
14	External audit and process reviews - Written administrative procedures in relation to tendering are needed	M
15	Appropriateness of Systems - It is evident that Records management is sufficient but staff responsibilities and training in use of systems is required.	M
16	Procedures - Payments - Procedures are in place for these activities however they are not documented in many instances in a formal way. Staff are fully aware of their obligations and appropriate checks and counter checks are in place.	M
17	Procedures - Payments reporting - List of payments to Council to include sequence/reconciliation check	M
18	Procedures - Payments reporting - Missing payments reason to be identified	M
19	Monthly Financial reports - Monthly Financial Statements to be included in the minutes	H
20	Monthly Financial reports - Monthly Payments listing to be included in the minutes	H
21	Annual Financial reports - Ensure legislative requirements and timeframes are met when carrying out Statutory Reviews.	H
22	Annual Financial reports - Correspondence to the DLG to be recorded in Records Management system (including attachments)	H
23	Annual Financial reports - Correspondence to the DLG to be signed by CEO	H
24	Internal Controls - Overall Annual Leave and Long Service Leave liability is increasing and appropriate action is required to reduce it.	M
25	Appropriateness - Cash Receiving System - Internal Controls should be reviewed in relation to daily receipting & banking procedures, including Senior Officer review	M
26	Appropriateness - Payroll System - Changes to payroll records should be signed off by a senior officer (consider audit trail)	M

Shire of Perenjori		Priority
REVIEW OF FINANCIAL SYSTEMS Financial Year March 2015 - March 2016		H M L
Local Government (Financial Management) Regulations 5(2)(c)		
ACTION/COMMENT		
..... continued		
27	Appropriateness - Asset Register - Revaluations impact on Depreciation rates, these require review annually	M
28	Appropriateness - Reserve Accounts - Review of Reserve balances, amount of, investment of, and purpose is recommended	L
29	Appropriateness - Management Financial Reporting - Monthly Reports could be improved by including a reconciliation check - to ensure accuracy.	L
30	Audit Committee - Review procedures between Committee and Council adoption- to ensure matters requiring Council adoption are prompt.	H
31	Audit Committee - Ensure Auditor sends a copy of Audit Reports to President in accordance with S.7.9	H

Statutory Environment

Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

Policy Implications

Nil

Financial Implications

Funds have been allocated in the current budget to cover the costs of the review.

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

Risk Management

Risk Statement	Level of Risk	Risk Mitigation Strategy
Financial and compliance objectives may not be achieved if core financial systems are not regularly reviewed to ensure they remain relevant and effective.	A moderate consequence which is possible resulting in medium level of risk.	Appoint qualified professionals to critically evaluate the Shires core financial systems once every four years.

Consultation

Nil

Comment

The report confirms that the Shire of Perenjori's financial systems are adequate but further refinements can be made by implementing the recommendations.

Voting Requirements – Simple Majority**Officer Recommendation – Item 16082**

That the audit committee recommends to the Council that the report on the review of the Shire's financial management systems and procedures completed in August 2016, be noted.

Committee Resolution – Item 16082

Moved: Cr K Pohl

Seconded: Cr J Hirsch

That the audit committee recommends to the Council that the report on the review of the Shire's financial management systems and procedures completed in August 2016, be noted.

That the Implementation plan and sign off of the report be presented to the next Audit Committee meeting and be circulated to all Councillors.

Carried: 5/0

16083 OTHER BUSINESS

16083.1 DATE OF NEXT MEETING / MEETINGS

To be advised.

16083.2 CLOSURE

Cr L Butler declared the meeting closed at 11.41 am.