



NOTICE OF MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Perenjori will be held on Thursday 17th December 2015 in the Council Chambers, Fowler Street, Perenjori commencing at 1.00 pm.

Ali Mills
Chief Executive Officer
11th December 2015

Shire of Perenjori Audit Committee Meeting 17th December 2015

Agenda

11th December 2015

Copies forward to:

All Councillors

Cr LC Butler

Cr JR Cunningham

Cr RP Desmond

Cr JM Hirsch

Cr KJ Pohl

Cr LJ Smith

Shire of Perenjori

AGENDA

Audit Committee Meeting

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To be held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on
17th December 2015, **to commence at 1.00 pm.**

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15121 PRELIMINARIES**15121.1 RECORD OF ATTENDANCE AND APOLOGIES****15121.2 CONFIRMATION OF MINUTES**

Minutes from the last Audit meeting on the 20th August 2015 are attached.

15121.3 DRAFT ANNUAL REPORT 2014/2015

| | |
|--------------------------------|--------------------------------------|
| APPLICANT: | SHIRE OF PERENJORI |
| FILE: | NIL |
| DISCLOSURE OF INTEREST: | NIL |
| AUTHOR: | ALI MILLS - CEO |
| RESPONSIBLE OFFICER | ALI MILLS - CEO |
| REPORT DATE: | 17TH DECEMBER 2015 |
| ATTACHMENTS | ANNUAL REPORT |

Executive Summary

The Annual Report for the 2014/2015 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 2014/2015 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 2014/2015. There was a delay in the finalisation of the financial reports due to the requirement to provide certified valuations for Shire Plant and equipment. This has been completed and provided to the Auditors as required.

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 12th February 2015.
- It is proposed that the annual meeting of Electors be held at 5.00 pm on Tuesday 9th February 2016 at Latham Community Centre.
- 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. The matters raised by the auditors are summarised below with a more detailed explanation in the Management Letter.

1. Non-compliance with internal purchasing policy
2. High annual leave accrual at year end
3. Monthly Bank Reconciliation
4. Overhead allocation
5. Tenders Register

Statutory Environment

Local Government Act 1995 Section 5.53 & 5.5.4

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

Consultation

RSM Bird Cameron
CEO
MCDS
SFO
MIS

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.

The areas raised by the auditor needing attention have been attended to immediately with appropriate actions being implemented.

Voting Requirements – Absolute Majority

Officers Recommendation – Item 15121.3

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

1. Adopt the 2014/2015 Annual Report for the financial period ending 30 June 2015 for the Shire of Perenjori as presented and attached; and
2. Confirm the date for the Annual Electors Meeting for Tuesday 9th February 2016 and authorise the statutory advertising.

15122 OTHER BUSINESS

15122.1 DATE OF NEXT MEETING / MEETINGS

To be advised.

15122.2 CLOSURE



Perenjori
Embrace Opportunity

Attachments

*Audit Committee Meeting
17th December 2015*



Perenjori
Embrace Opportunity

*Attachment
15121.3*

Annual Report

*Audit Committee Meeting
17th December 2015*



ANNUAL REPORT 2014/2015



Shire of
Perenjori
Embrace Opportunity



Shire of Perenjori

56 Fowler Street

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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 Councillors are:

| | | | |
|-------------------------------|-------------------|---------------|--------------------|
| Chris R King (President) | Latham/Caron Ward | Retiring 2015 | Ph: (08) 9973 4042 |
| Laurie C Butler (D/President) | Perenjori Ward | Retiring 2017 | Ph: (08) 9973 1117 |
| Jennifer H Hirsch | Latham/Caron Ward | Retiring 2017 | Ph: (08) 9973 6094 |
| Graeme K Reid | Latham/Caron Ward | Retiring 2015 | Ph: (08) 9973 6043 |
| John R Cunningham | Bowgada Ward | Retiring 2015 | Ph: (08) 9973 4015 |
| Harold C Wass | Perenjori Ward | Retiring 2015 | Ph: (08) 9973 1110 |
| Rodney P Desmond | Perenjori Ward | Retiring 2017 | Ph: (08) 9973 1200 |
| Peter J Waterhouse | Maya Ward | Retiring 2015 | Ph: (08) 9664 2085 |
| Lisa J Smith | Perenjori Ward | Retiring 2017 | Ph: (08) 9973 1228 |

Elections are normally held biennially 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 | 906 |
| Distance from Perth | 354 km |
| Number of Electors | 353 |
| Area | 8214 sq. km |
| Towns | Perenjori, Latham |
| Libraries | Perenjori, Latham |
| Primary Schools | Perenjori, Latham |
| Length of Sealed Road | 230 km |
| Length of Unsealed Road | 1500 km |
| Rates Levied | \$2 575 179 |
| Total Revenue | \$9 048 357 |

Elected Members



Cr Harold Wass



Cr Rodney Desmond



Cr Lisa Smith



Cr John Cunningham



Cr Chris King
President



Cr Laurie Butler
Deputy President



Cr Graeme Reid



Cr Peter Waterhouse



Cr Jenny Hirsch

Shire President's Report

Cr Chris King



The past year has been one of consolidation, and noticeable challenges in the mining and agriculture sectors. However a great deal has been achieved with Perenjori continuing to show it is willing to Embrace Opportunity and work towards creating opportunities for locals and visitors to maximise on.

Industry

Agriculture continues to be the major activity for most of the residents of Perenjori and the weather continued to cause some problems with many farmers experiencing challenges once again this year.

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. Sino Steel have ceased their operations whilst Karara Mining have continued to improve their operations and reduce overall costs of production.

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 Mid West Tourism Strategy has ensure we remain a part of the Mid West agenda and that the unique environment and experience of this area is realised.

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.

Councillors and staff have been actively involved in Regional Planning processes which have included:

- Mid West Regional Blueprint
- Regional Tourism Plan



Shire President's Report

Cr Chris King



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
- Continuation 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.
- Perenjori Early Childhood Centre – completion of this project. With \$1.8 million dollars secured to see this project come to realization, is a great achievement for Perenjori. Once again there were many years of planning, research and lobbying to source funding for this project. This will be a vital link for families offering opportunity for women to return to their chosen careers and providing a holistic approach to education from birth to year 6.
- Community Events – we continue our support for opportunities to celebrate our lifestyle and wonderful people in Perenjori.

Regional Cooperation

I continue to represent Perenjori at the Northern Country Zone meetings along with the WALGA – Grain Industry meetings.

Thanks

I take this opportunity to thank all Councillors for their considerable contribution to the community throughout the year. I thank Councillor Laurie Butler 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 now and into the future.



Chief Executive Officer's Report

Ms Ali Mills



Introduction

The past year has once again been very busy. In particular our housing and building area has been a focus with a back log of maintenance being addressed. Our housing is now of good standard providing employees and others with good homes to reside in. A process to deal with complaints and work requests has been implemented across the whole organisation with more timely and appropriate responses being delivered. As CEO my focus has continued to ensuring a strong foundation is developed and is maintained, providing the necessary base to enable our community to continue to grow and prosper. The review of our Workforce Plan and development of a new EBA for all staff will ensure our most important asset being our staff receive suitable rewards and above standard working conditions.

Governance

This year considerable time has been spent reviewing compliance documents, which have included;

- Policy Manual
- Delegations Register
- Standing Orders
- Enterprise Bargaining Agreement
- Corporate Business Plan

Workforce Development Plan

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.

Staffing

We continue to have the challenge of attracting and retaining staff across all areas, and have worked on ensuring our salary levels; entitlements and working conditions are competitive across the local government sector. We have worked 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.

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. This years funding has been contributed to the Perenjori Early Childhood Centre.

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 revitalizations, commencement
- Caravan Park, refurbishment
- Building and Housing Maintenance, considerable time has been spent on Council assets bringing them to a reasonable standard
- Completion of the Perenjori Early Childhood Centre project
- Continuation of the Business Incubator Project
- Mullewa to Wubin Road works – successfully negotiated to accommodate the full crew in Perenjori whilst attending to other needs of the Safelinks Alliance for 6 months of this year.
- Extensive Road maintenance and Construction program to date across the Shire has been delivered in the year, with \$3.086 million dollars expended.

Planning and Regional Cooperation

We continue to work collaboratively with our neighbouring Shires across the North Midlands. The Main Roads Integrated Service Agreement has required time and resources participating in the decision making process regarding it' future. After much deliberation it was decided for the Agreement to end in February 2016, with the plant and all road maintenance to return to Main roads. This will result in a potential reduction in the overall Shire workforce by 2 people.

Dialogue is continuing with the Shore 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.

Final Remarks

As stated in my introductory comments, I am pleased to report we have continued to stabilise our financial situation and re-developed areas needing attention, providing a very strong foundation for the future. 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 Shire President, Chris King for his support and guidance along with all Councillors and staff for their hard work and commitment over the year.

Manager Corporate & Development Services Report

Mr Peter Money



Customer Service

Quality customer service is a high priority for the Shire at all levels of the organisation. The Shire welcomes feedback from the community and visitors on its services and this includes suggestions for improvements.

The Shire provides a vehicle licencing service on behalf of the Department of Transport and at times there are difficulties providing the service we would like usually due to the complexities of the system and the limited training available to our staff.

Rates & Debtors

The Council applied a rate increase of 5% which remains below that adopted in its Financial Plan. The Council considers that though below the projected increase the difficult circumstances in the community requires tight controls on increasing Shire revenue through rates.

Local governments like all businesses are subject to rising costs through materials purchasing, government fees, increased demand for compliance from government, rising insurance & utility costs to name a few.

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 did not raise any new loans during 2014/2015 and the end of year loans totalled \$1,399,850 which includes \$470,000 for housing; \$589,000 for the swimming pool. 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.

Liquidity

Liquidity is the measures of the Council's ability to meet its financial obligations with the available financial assets (cash). At the end of this year the Council's liquid assets totalled \$3,254,813 which includes \$1,636,708 in Reserves and \$1,618,105 in accessible cash. The purpose of various Reserves are explained in the detailed financial statements.

Manager Corporate & Development Services Report

Mr Peter Money



Library Services

The Shire has an impressive variety of free reading material available through its library services. This includes the hiring of DVD's and an array of magazines which are sourced through State funds.

INFORMATION ON MAJOR EXPENDITURES

Transport

The maintenance of roads is the greatest cost area for most 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) forms a significant part of the determination of the level of road grants. In this past year expenditure of roads was \$3,086,152. These costs increase each year as materials, vehicles, labour and administration costs continue to increase. Administration costs include a significant cost for compliance with and reporting on the requirements imposed by State 7 Federal Governments on local governments.

Recreation & Culture

Expenditure on Recreation and Culture was \$1,231,999 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.

Other Property & Services

Other Property & Services expenditure was \$1,141,090 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.



Manager Corporate & Development Services Report

Mr Peter Money



Economic Services

The Economic Services costs of \$593,936 includes the cost associated with the Caravan Park including maintenance, cleaning, wages and also includes costs of the railway barracks and also the accommodation village. Seventy 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 is approximately \$350,000. Economic service also includes costs for the standpipes, dams, tourism and tourist promotion.

Governance

Governance is the cost to a local government of providing elected council members without whom the local government would not exist. This cost includes the provision of information to members, fees to attend meetings, conferences, various government sponsored meetings (e.g. main Roads WA) which are critical in ensuring the Shire acquires its fair share of various funding. Members fees accounted for \$35,230 of the total cost of \$587,474 which is not significant compared to many other local governments. Other costs for elected members relate to 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 also, although this is still uncertain.

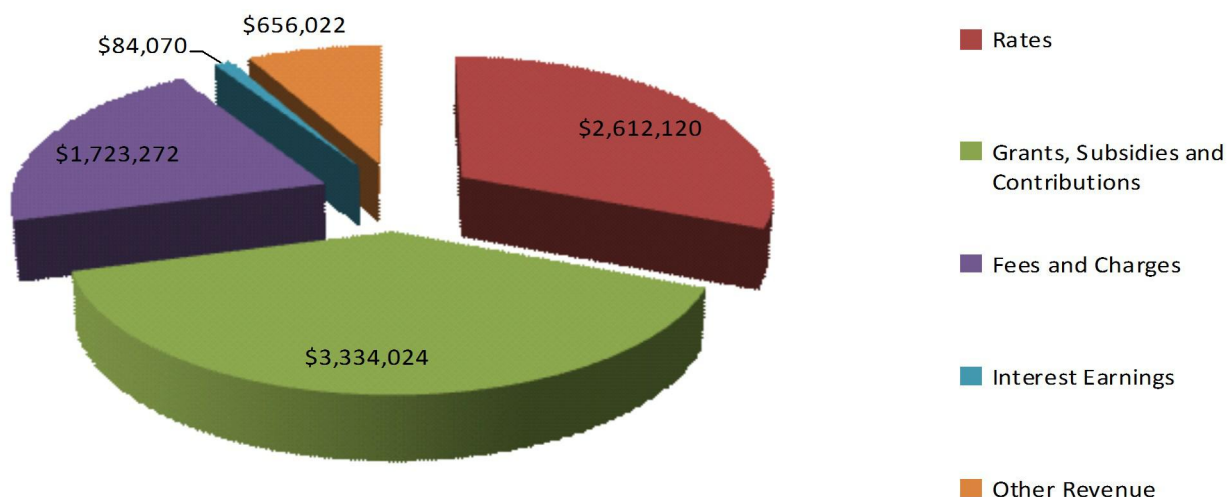
The of Governance has been re-assessed in the current budget as historically administration costs allocated to governance have been grossly over charged creating the appearance that the elected members cost far more than they actually do.

Housing

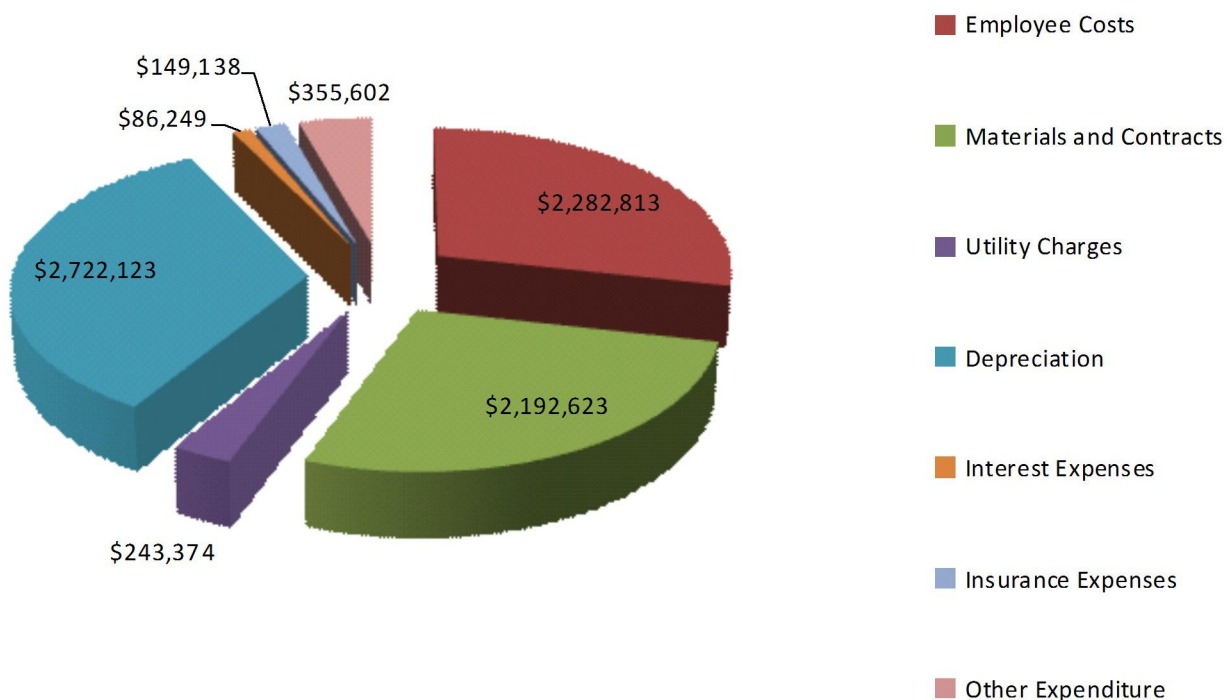
The expenditure on the Shire's housing was \$456,033 which is the cost of repairs, maintenance and any upgrades. The Shire owns a substantial housing asset of 27 houses and as the maintenance and repairs has been intensive in the past two years, this cost is expected to reduce as the maintenance required is now much less than in the recent past. Income from housing which is provided for employees and some private rental was approximately \$277,000.

Below are graphical representations of the final income and expenditures for the Shire for the year ending 30th June 2015. Grants, subsidies & contributions includes grants from Federal taxes 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.

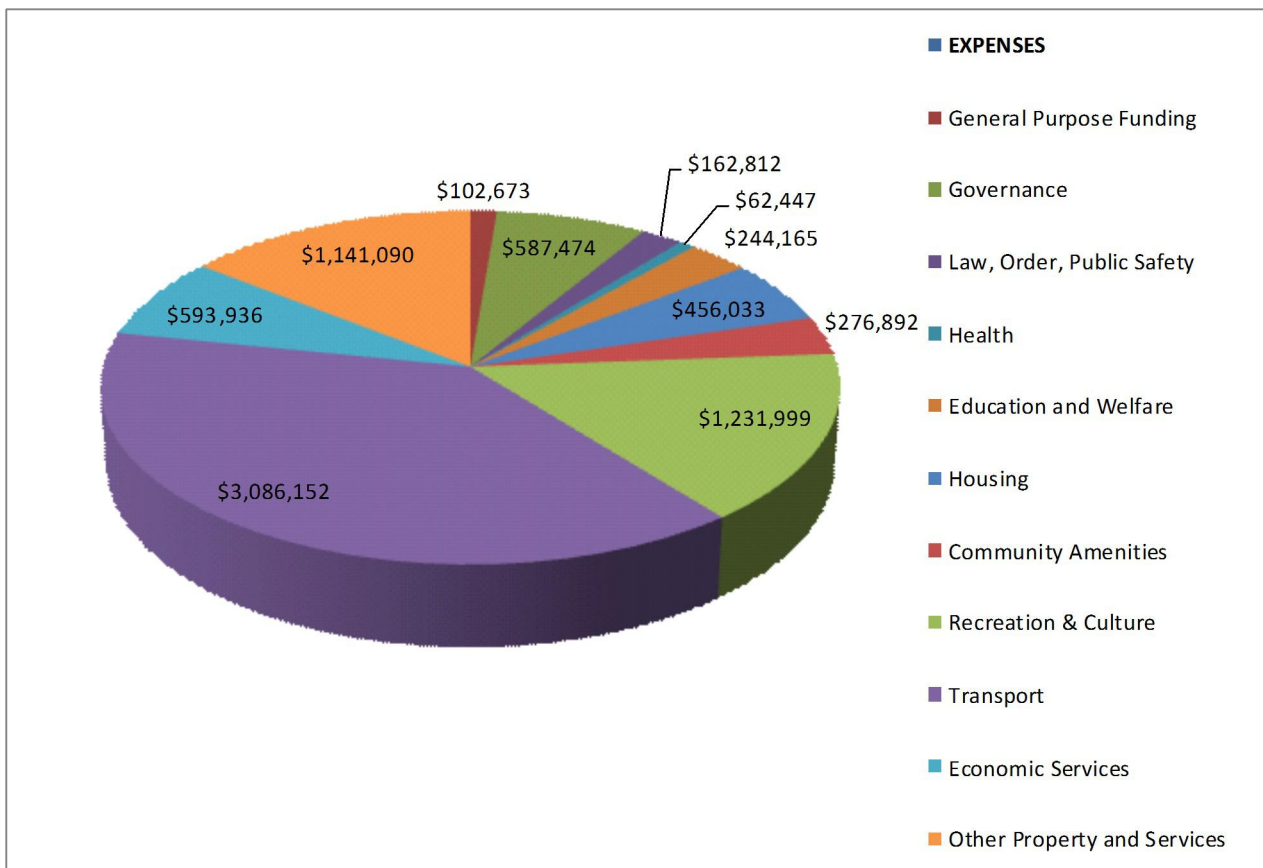
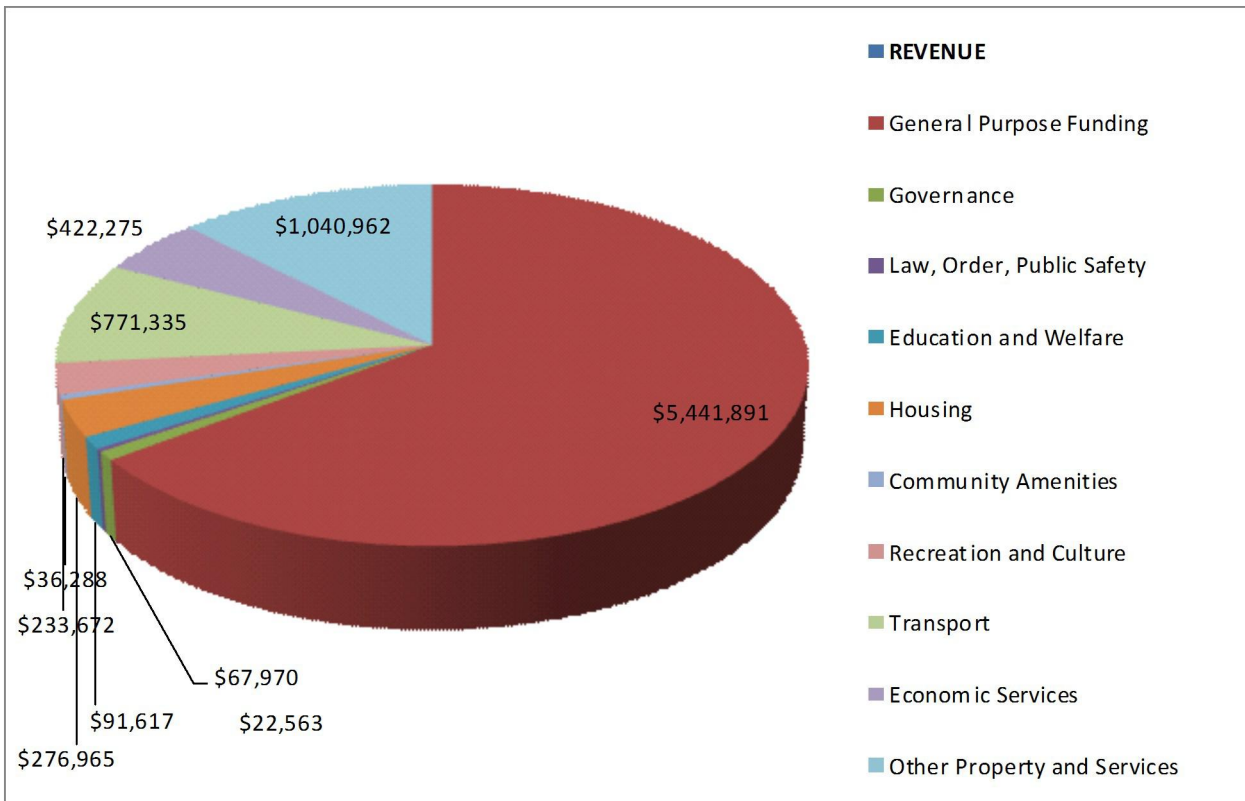
REVENUES



EXPENSES



Below is a more detailed breakdown of the Shire's revenue and expenditure 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

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;
- Vector monitoring and control;
- Public buildings;
- Waste management and recycling;
- DEP waste disposal site licences;
- Shire building construction projects

Caravan Park

The new ablutions in the Caravan Park have been opened although the disabled facility remains closed. The Council sought quotations to construct a free-standing disabled facility but due to the high cost of the quotes received the Council will construct a new building using in-house labour. This is budgeted to occur during 2015/2016.

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 and these help subsidise the Caravan Park income. A busy caravan park will attract more people to the area and this in turn provides additional benefits to the whole community through greater activity and the flow of spending in 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.

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 stands 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 Shire operates waste sites at Perenjori & Latham under strict environmental regulations. Currently the liquid waste site in Perenjori is not operating as the licence was suspended when the site was unable to take further waste. To overcome random dumping of liquid waste the Shire has introduced a liquid waste dumping fee.

PERENJORI AQUATIC CENTRE

Mr Chris Johnson



The Facility

The Aquatic Facility has continued the monthly microbiological testing ensuring we maintain water quality no short of a high standard. The facility is now in possession of good quality pool blankets to maintain water temperature help keep excess sand and leaves out of the water and circulation system along with reduce water evaporation. Many thanks to the Department of Sport and Recreation; providing access to the Pool Revitalisation Program Grant.

The safety of the facility was assessed by Royal Life Saving Society, and since receiving the report, the facility has been through various upgrades and improvements.

Attendance Figures (Comparing season 2014/15 to the previous season)

| 2014-15 Figures | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | 2013-14 | Total |
|-----------------|------|-----|------|-----|-----|-----|-----|-----|---------|-------|
| Adult | 3 | 158 | 159 | 275 | 255 | 246 | 114 | 21 | 1770 | 1231 |
| Child | 25 | 242 | 125 | 333 | 178 | 506 | 121 | 9 | 2534 | 1529 |
| Concess | 0 | 10 | 1 | 8 | 7 | 21 | 2 | 1 | 216 | 50 |
| Under 2 | 1 | 17 | 10 | 20 | 19 | 23 | 22 | 2 | 89 | 114 |
| Spectator | 11 | 25 | 16 | 36 | 3 | 34 | 80 | 0 | 28 | 205 |
| 2013-14 | - | 587 | 1014 | 828 | 724 | 844 | 640 | - | | |
| Total | 40 | 452 | 311 | 662 | 462 | 830 | 339 | 33 | 4637 | 3129 |

The Programs

The facility opened on the 28th of September and closed for the cooler season on the 5th April. Meaning the facility was made available for 167 days.

Various activities were offered throughout the pool season, these included; Water Aerobics, infant swimming lessons, Vacation swimming lessons. We also were lucky enough to open on a Monday for Australia Day providing a BBQ, and host a single team for the Rottneest swim.

The local schools also got involved by holding their school carnival day here along with in-term swimming lessons.

The big day for all the schools was the last day of the school term in December, were 100 people entered that day, and the children had a great time.

The Future

The new season is underway and can already proudly say we have had more people through than this time last season. Throughout this current season we will continue to improve operational procedures, safety for both staff and patrons, as well as aim to improve on programs and overall experience of each visit.

Manager of Infrastructure Service's Report

Mr Ken Markham



Transport

The Shire of Perenjori services an area of over 8,200 square kilometres, through a network of over 230 kilometres of sealed roads and nearly 1500 kilometres of unsealed roads.

Works completed for the 2014/15 financial year include:

- The realignment of the Solomon/ Bestry road intersections under a Blackspot project.
- Gravelling of various sections to a total of 8 kilometres on the Warriedar Coppermine road
- Gravelling of 4.6 kilometres of Metcalfe road between Grant and Perenjori Carnamah roads.
- Gravelling of 9 kilometres of Caron road
- Gravelling of 3 kilometres of Sutherland road and flood-way/ culvert works.
- Gravelling of 3 kilometres of Griffith road
- Seal extension on the Perenjori Rothsay road of 6 kilometres



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

- Gardener's small tipper truck
- Three point linkage mower for sporting fields (pictured below)



Parks and Gardens

Council staff continued maintaining and upgrading the Shire's ovals, parks, gardens and improvements to Council housing gardens. The continuing issues with corellas added to the challenges faced by staff in not only repairing damage but cleaning up the mess created by the birds. We received assistance from external gun clubs to try and control the birds.

Waste Management

The Perenjori Shire had several licencing issues with the Perenjori and Latham refuse sites during the year. This was mainly due to windblown waste and waste being dumped in the incorrect areas. A continuing struggle for space at the current sites will eventually mean that a new waste facility will be built.

Community Development Officer's Report

Ms Leah Adams



Community Development Officer— Leah Adams (ceased employment June 2015)

This year has seen some great events take place in the Shire celebrating life in Perenjori.

Australia Day Awards

The year commenced with the Premiers Australia Day Awards, with a celebration just before the 26th January. The event worked really well having it on the Thursday, as around 30 people attended with Awards Presented by Shire President Chris King and Delys Fraser giving a welcome to country speech. Overall winners of the three categories were:

Under 25 Citizen of the Year: Samara Richardson

Event/Group of the Year: Perenjori and Districts Tourist Centre

Citizen of the year: Beryl Gilmour

Blues for the Bush

This was the second year partnering with Bush Heritage Australia to enable the vision for Council and the community to have a significant unique event to attract large numbers of visitors to our Shire. The event was a great success with 935 attendees and very positive feedback received. Council was pleased the event did provide an opportunity to market our community and attract people who may not normally venture this far inland.



Other Events

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

- Seniors & Colunteer Donner
- Anzac Day Centenary
- Perenjori Agricultural Show
- Christmas Street Party
- Australias Biggest morning tea
- Nissan Car Club Rally – Duel in the Dirt



Community Development Officer's Report

Ms Leah Adams



PECC Perenjori Early Childcare Centre

The Centre was officially opened on 30th April 2015 by the Minister for Regional Development, Minister Brendon Grylls. The Shire of Perenjori established and developed an integrated and comprehensive multi-purpose Parenting and Early Childhood Centre adjacent to the Perenjori Primary School. The facility provides a range of early childhood, parent and family support services in partnership with Perenjori Primary School, WA Country Health Service, community agencies and the local community. The facility also houses a licensed child care service with the capacity for 19 places within the next 10 years.



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 contributors of this fund being Mount Gibson Mining and Sinosteel who in the first half.

The following groups have been supported by the fund;

Round 5

| | | |
|----------------------------------|--------------------------------------|------------|
| Latham Golf & Bowls Club | rainwater tanks and a vacuum cleaner | \$8,895 |
| Perenjori Algae Production Group | 12 months micro-algae trial | \$9,927.50 |
| Shire of Perenjori | Community Bus | \$8,000 |
| St John Ambulance WA Ltd. | Air conditioned bedroom and lounge | \$15,000 |
| Nissan Car Club | Children's entertainment | \$5,740 |

Round 6

| | | |
|------------------------|----------------------|----------|
| Perenjori Netball Club | storage shed | \$15,000 |
| Perenjori RSL | maintenance of walls | \$6,820 |

Community Development Officer's Report

Ms Leah Adams



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 attended tourist meetings, exploring projects that would



Perenjori Christmas Street Party

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 Shire of Perenjori children.

Young Leaders program

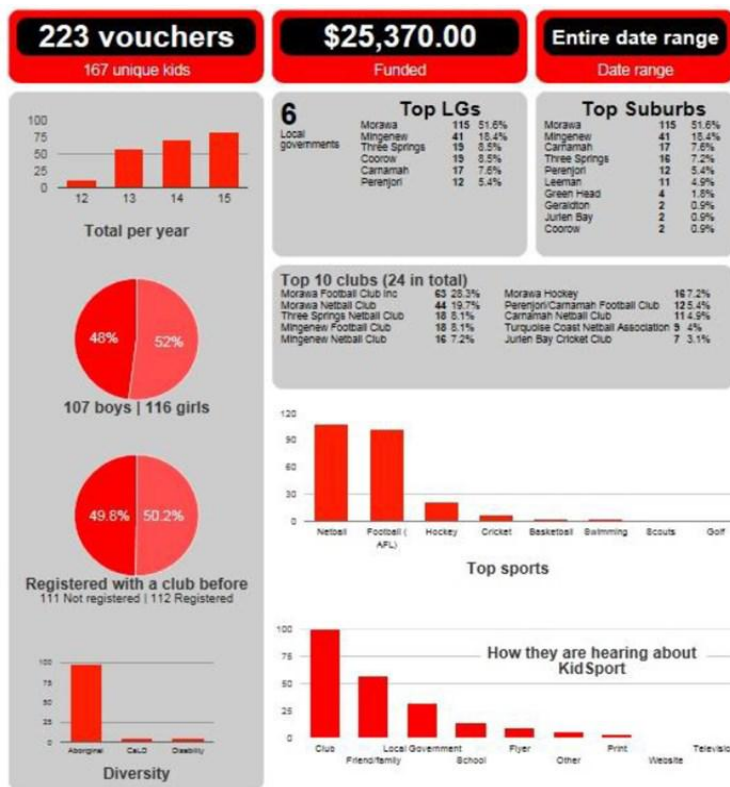
\$20,000 was secured from the Gunduwa Conservation association to undertake a leadership camp with 14 – 18 years olds from Perenjori and Morawa. This provided a link in to conservation work being undertaken out at the Charles Darwin Reserve, along whilst incorporating aboriginal cultural elements. Six young people from Perenjori and 8 young people from Morawa were involved providing opportunities for leadership skill development in 2014. It will take place again in 2016

Club Development Officer's Report

Ms Lara Stanley

Club Development

With the role commencing half way into the financial year the Club Development Role has made a difference not only in the background committee involvement of clubs but also in participation. The 2014-2015 financial year saw a lot of background work and planning to find out where clubs and club facilities were at, but also to put in place training sessions for the next financial year that would most suit the clubs in the area. Now with a database of over 160 people, as well as being printed in the Three Springs Yacka bout Paper; club members have access to 4 Club Connections newsletters per year, and 4 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 brought to my attention by community members and State Sporting Associations as needing to be promoted.



KidSport

We have a number of new clubs being signed up for KidSport. The KidSport program is doing fantastic in the Mid-West creating opportunities for those who may not have been able to participate in structured sporting activities.

Australian Sports Commission's Healthy Clubs

We have also had a number of clubs complete the Australian Sports Commission's Healthy Club Checklist which is an excellent tool that assists clubs in becoming more sustainable and run smoother.

Other projects that have commenced are:

- Review of facilities for all Shire's Sport and Recreation Strategic Plan.
- Database of Clubs and Club Contacts created
- Grant Application Tips, and Grant Directory collated to go on shire websites
- Created Facebook Page for all shires with 98 likes from local club members.
- Assisted with Shared Facility research and putting together agreements for such use.

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 advantaged 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 2012 - 2022

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.

Copies of the Strategic Community Plan 2012 – 2022 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 20113/2014 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.

The 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.

| | High Priority | Progress and Changes | Medium Priority | Low Priority |
|-------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Infra-structure and Natural Assets | Telecommuni- cation Project | Commonwealth Govern- ment has provided fund- ing to the state with 4 towers being allocated across the Perenjori Shire. To be installed by 2017. This will remain a priority until towers are installed. | NBN Exten- sion Hill "Extend to Perenjori" project | This project is out of the Shires control and is not considered like- ly. Council has decid- ed to remove it from the list. |
| | Solar Park Power Project | The Shire continues to work with Abengoa who have plans to establish a large solar project within the Shire. | Water Pipe- line Project | Asia Iron are not ac- tive at the moment and the project is con- sidered to be unlikely however remains as a priority. |
| | Morawa Perenjori Road upgrade project | This project has been completed and will be removed from the plans. | Perenjori Diesel Ener- gy Power Supply Pro- ject | Considerable improve- ments have been made to the power supply to Perenjori with this project not deemed necessary any longer. |
| | Local Road network maintenance | Local road maintenance continues with Council continuing to allocate sig- nificant funds each year, whilst attracting external funding also. | | |
| | Perenjori CBH Project | This project is out of the Shire control, and is con- sidered not likely to hap- pen. Council has decided to move it to a medium priority. | | |
| | Sewerage In- novation Pro- ject | Council is working to ex- plore options and will continue to do so to alle- viate the large capital costs involved in sewer- age installation. | | |
| | Regional Stra- tegic Waste Management Project | Council is working with the Shire of Morawa to establish a joint landfill facility with each Shire having Transfer stations. | | |
| | Support Perenjori Farming Fu- tures Group | Council continues to allo- cate funds in the annual budget to support this group. | | |

| | High Priority | Progress and Changes | Medium Priority | Low Priority |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Industry and Business Development | <p>Business Support Service Land Development project</p> <p>Perenjori Business Incubator Project Develop Perenjori CRC</p> | <p>Funds are contributed annually to the MWCCI to enable them to provide support and assistance to Perenjori business.</p> <p>Stage one of this project has been completed. Three units have been constructed with two new tenants.</p> | | |
| People and Place | <p>Perenjori Housing Company Project</p> <p>Perenjori Early Childhood Centre</p> <p>Community Development and Learning</p> | <p>Timing and the market has not been suitable for this project to progress. Council has decided to allocate resources for this project into the Seniors Independent living Units.</p> <p>Construction completed in March 2015. Centre was officially opened in April 2015 and has been operating successfully since.</p> <p>Council has in the past provided administration support for the School Chaplaincy program which is now no longer funded. Council continues to support through financial and human resources the Young Leaders program, and activities throughout the year to assist and support children and young people.</p> | <p>Support North Midlands Medical Practice and Karara Mobile Service</p> <p>Regional Sports Club Development Officer</p> <p>Perenjori Sport and Recreation Plan Implementation</p> <p>Develop an Art, Culture and Heritage Program</p> <p>Marketing and Tourism Action Plan</p> <p>Community Bus CBD Development and infill project</p> | <p>Perenjori is still in an arrangement with Morawa for the delivery of a Doctor service. We continue to support and advocate for the mobile dental clinic.</p> <p>Funding has been secure for the next 12 months with the service delivering positive outcomes for Clubs across three shires. The plan continues to be implemented with a review of the plan also occurring.</p> <p>Still to be progressed in 2016.</p> <p>The MidWest Tourism Plan outlines actions for Perenjori to implement, with the Shire playing a lead role in developing a coordinated approach to Tourism.</p> <p>Funding has been received for the bus along with Shire funds the new bus is currently on order.</p> |

| | High Priority | Progress and Changes | Medium Priority | Low Priority |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>Development and renewing of Parks, Gardens and Playgrounds Perenjori</p> <p>Community Safety Facilities</p> | <p>The Townscape project has been implemented with a focus on parks and community space. The Old pool site is being planned for a major transformation.</p> <p>Both financial and human resources continue to be provided to St Johns and our Fire brigades to support the great work they do.</p> |
| Investing in Community Capacity | Investing in Local Leadership | Dialogue with CRC, DRD and Durack has commenced to establish leadership training opportunities in Perenjori | | |
| Investing in Councils Capacity | <p>Build capacity of Shire to lead, manage, develop the workforce and manage risk effectively</p> <p>Develop high level ability to financially leverage Councils financial capacity</p> | <p>Training is continued to be offered to Councillors and this year involved three induction workshops for our new Councillors along with a Financial awareness workshop.</p> <p>Funding is continued to be sourced from external sources along with any potential commercial opportunities.</p> | Implement integrated Strategic Planning Framework | Annual reviews of the Community Strategic Plan, and Corporate Business Plan are conducted. The Workforce Development Plan has been recently reviewed. |

Financial Report

For Year Ended 30th June 2015

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

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Principal place of business:

Address:

56 Fowler Street
PERENJORI WA 6620

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Perenjori being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire of Perenjori at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 17th day of November 2015



Allison Mills
Chief Executive Officer

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

| | NOTE | 2015 \$ | 2015 Budget \$ | 2014 \$ |
|-------------------------------------------------------|------|--------------------------|-------------------------|-------------------------|
| Revenue | | | | |
| Rates | 22 | 2,612,120 | 2,608,428 | 2,426,487 |
| Operating Grants, Subsidies and Contributions | 28 | 3,334,024 | 2,827,911 | 1,841,343 |
| Fees and Charges | 27 | 1,723,272 | 1,373,433 | 1,553,474 |
| Interest Earnings | 2(a) | 84,070 | 40,000 | 75,618 |
| Other Revenue | 2(a) | 656,022 | 85,500 | 81,594 |
| | | <u>8,409,508</u> | <u>6,935,272</u> | <u>5,978,516</u> |
| Expenses | | | | |
| Employee Costs | | (2,282,813) | (2,167,861) | (2,089,237) |
| Materials and Contracts | | (2,192,623) | (1,597,919) | (1,631,776) |
| Utility Charges | | (243,374) | (306,506) | (274,697) |
| Depreciation on Non-Current Assets | 2(a) | (2,722,123) | (2,171,323) | (2,085,103) |
| Interest Expenses | 2(a) | (86,249) | (88,739) | (95,431) |
| Insurance Expenses | | (149,138) | (172,405) | (159,567) |
| Other Expenditure | | (355,602) | (572,979) | (384,790) |
| | | <u>(8,031,922)</u> | <u>(7,077,732)</u> | <u>(6,720,601)</u> |
| | | 377,586 | (142,460) | (742,085) |
| Non-Operating Grants, Subsidies and Contributions | 28 | 2,019,541 | 2,003,531 | 1,665,669 |
| Loss on Revaluation of Fixed Assets | | 0 | 0 | (136,182) |
| Profit on Asset Disposals | 20 | 25,292 | 0 | 3 |
| Loss on Asset Disposals | 20 | (87,944) | (15,089) | (62,620) |
| | | <u>2,334,475</u> | <u>1,845,982</u> | <u>724,785</u> |
| NET RESULT | | | | |
| Other Comprehensive Income | | | | |
| Items not reclassified subsequently to profit or loss | | | | |
| Changes on Revaluation of Non-Current Assets | 12 | 40,147,490 | 0 | 7,758,125 |
| | | <u>40,147,490</u> | <u>0</u> | <u>7,758,125</u> |
| Total Other Comprehensive Income | | 40,147,490 | 0 | 7,758,125 |
| Total Comprehensive Income | | <u>42,481,965</u> | <u>1,845,982</u> | <u>8,482,910</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 2015

| | NOTE | 2015 \$ | 2015 Budget \$ | 2014 \$ |
|----------------------------------------------------------|-------------|---------------------------------|--------------------------------|--------------------------------|
| Revenue | | | | |
| General Purpose Funding | | 5,441,891 | 4,460,715 | 3,365,811 |
| Governance | | 67,970 | 29,728 | 64,892 |
| Law, Order, Public Safety | | 22,563 | 19,700 | 26,164 |
| Health | | 3,970 | 3,240 | 2,800 |
| Education and Welfare | | 91,617 | 52,500 | 59,304 |
| Housing | | 276,965 | 190,000 | 194,385 |
| Community Amenities | | 36,288 | 32,135 | 47,522 |
| Recreation and Culture | | 233,672 | 220,920 | 36,253 |
| Transport | | 771,335 | 660,343 | 678,151 |
| Economic Services | | 422,275 | 471,867 | 668,724 |
| Other Property and Services | | 1,040,962 | 794,124 | 834,510 |
| | | <u>8,409,508</u> | <u>6,935,272</u> | <u>5,978,516</u> |
| Expenses | | | | |
| General Purpose Funding | | (102,673) | (119,822) | (145,747) |
| Governance | | (587,474) | (527,192) | (612,230) |
| Law, Order, Public Safety | | (162,812) | (132,656) | (162,923) |
| Health | | (62,447) | (110,632) | (62,210) |
| Education and Welfare | | (244,165) | (92,690) | (44,831) |
| Housing | | (456,033) | (364,925) | (275,077) |
| Community Amenities | | (276,892) | (247,196) | (240,644) |
| Recreation & Culture | | (1,231,999) | (1,028,735) | (780,171) |
| Transport | | (3,086,152) | (3,029,450) | (2,948,820) |
| Economic Services | | (593,936) | (683,397) | (658,821) |
| Other Property and Services | | (1,141,090) | (652,298) | (693,696) |
| | | <u>(7,945,673)</u> | <u>(6,988,993)</u> | <u>(6,625,170)</u> |
| Financial Costs | | | | |
| Housing | | (26,081) | (26,575) | (28,495) |
| Community Amenities | | (24,490) | (25,109) | (26,295) |
| Recreation & Culture | | (35,678) | (37,055) | (40,641) |
| | 2(a) | <u>(86,249)</u> | <u>(88,739)</u> | <u>(95,431)</u> |
| Non-Operating Grants, Subsidies and Contributions | | | | |
| Law, Order, Public Safety | | 0 | 35,000 | 0 |
| Education and Welfare | | 295,000 | 480,000 | 575,000 |
| Housing | | 168,200 | 17,000 | 311,037 |
| Community Amenities | | 13,636 | 50,000 | 0 |
| Recreation & Culture | | 274,771 | 122,000 | 2,414 |
| Transport | | 1,084,934 | 1,099,531 | 751,718 |
| Economic Services | | 183,000 | 200,000 | 25,500 |
| | | <u>2,019,541</u> | <u>2,003,531</u> | <u>1,665,669</u> |
| Profit/(Loss) on Disposal of Assets | | | | |
| General Purpose Funding | | 6,222 | 0 | 0 |
| Governance | | 0 | 0 | (4,650) |
| Housing | | 15,897 | 0 | 0 |
| Community Amenities | | 0 | 0 | 3 |
| Transport | | 3,173 | (15,089) | (55,781) |
| Other Property and Services | | (87,944) | 0 | (138,371) |
| | | <u>(62,652)</u> | <u>(15,089)</u> | <u>(198,799)</u> |
| Net Result | | <u>2,334,475</u> | <u>1,845,982</u> | <u>724,785</u> |
| Other Comprehensive Income | | | | |
| Items not reclassified subsequently to profit or loss | | | | |
| Changes on revaluation of non-current assets | 12 | 40,147,490 | 0 | 7,758,125 |
| Total Other Comprehensive Income | | <u>40,147,490</u> | <u>0</u> | <u>7,758,125</u> |
| Total Comprehensive Income | | <u><u>42,481,965</u></u> | <u><u>1,845,982</u></u> | <u><u>8,482,910</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 2015

| | NOTE | 2015 \$ | 2014 \$ |
|-----------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 3,254,813 | 2,847,373 |
| Trade and Other Receivables | 4 | 448,552 | 518,774 |
| Inventories | 5 | 92,897 | 44,449 |
| TOTAL CURRENT ASSETS | | <u>3,796,262</u> | <u>3,410,596</u> |
| NON-CURRENT ASSETS | | | |
| Other Receivables | 4 | 24,711 | 24,711 |
| Inventories | 5 | 456,839 | 444,946 |
| Property, Plant and Equipment | 6 | 18,423,468 | 16,772,214 |
| Infrastructure | 7 | 66,836,425 | 27,007,252 |
| TOTAL NON-CURRENT ASSETS | | <u>85,741,443</u> | <u>44,249,123</u> |
| TOTAL ASSETS | | <u>89,537,705</u> | <u>47,659,719</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 8 | 466,949 | 842,202 |
| Current Portion of Long Term Borrowings | 9 | 175,005 | 165,501 |
| Provisions | 10 | 147,436 | 191,962 |
| TOTAL CURRENT LIABILITIES | | <u>789,390</u> | <u>1,199,665</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | 9 | 1,224,844 | 1,399,848 |
| Provisions | 10 | 9,851 | 28,551 |
| TOTAL NON-CURRENT LIABILITIES | | <u>1,234,695</u> | <u>1,428,399</u> |
| TOTAL LIABILITIES | | <u>2,024,085</u> | <u>2,628,064</u> |
| | | <u>87,513,620</u> | <u>45,031,655</u> |
| EQUITY | | | |
| Retained Surplus | | 19,766,283 | 16,557,079 |
| Reserves - Cash Backed | 11 | 1,485,508 | 2,360,237 |
| Revaluation Surplus | 12 | 66,261,829 | 26,114,339 |
| TOTAL EQUITY | | <u>87,513,620</u> | <u>45,031,655</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 2015**

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|----------------------------------------------|------|---------------------------|----------------------------------|------------------------------|--------------------------|
| Balance as at 1 July 2013 | | 16,916,351 | 1,276,180 | 18,356,214 | 36,548,745 |
| Comprehensive Income | | | | | |
| Net Result | | 724,785 | 0 | 0 | 724,785 |
| Changes on Revaluation of Non-Current Assets | 12 | <u>0</u> | <u>0</u> | <u>7,758,125</u> | <u>7,758,125</u> |
| Total Comprehensive Income | | 724,785 | 0 | 7,758,125 | 8,482,910 |
| Transfers from/(to) Reserves | | <u>(1,084,057)</u> | <u>1,084,057</u> | <u>0</u> | <u>0</u> |
| Balance as at 30 June 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 Non-Current Assets | 12 | <u>0</u> | <u>0</u> | <u>40,147,490</u> | <u>40,147,490</u> |
| Total Comprehensive Income | | 2,334,475 | 0 | 40,147,490 | 42,481,965 |
| Transfers from/(to) Reserves | | <u>874,729</u> | <u>(874,729)</u> | <u>0</u> | <u>0</u> |
| Balance as at 30 June 2015 | | <u>19,766,283</u> | <u>1,485,508</u> | <u>66,261,829</u> | <u>87,513,620</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 2015**

| | NOTE | 2015 \$ | 2015 Budget \$ | 2014 \$ |
|-------------------------------------------------------------|-------|-------------------------|-----------------------|-------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 2,575,179 | 2,607,966 | 2,689,940 |
| Operating Grants, Subsidies and Contributions | | 3,439,307 | 2,690,568 | 1,909,610 |
| Fees and Charges | | 1,723,272 | 1,529,099 | 1,553,474 |
| Interest Earnings | | 84,070 | 40,000 | 75,618 |
| Goods and Services Tax | | 570,507 | 169,851 | 317,788 |
| Other Revenue | | 656,022 | 85,500 | 81,594 |
| | | <u>9,048,357</u> | <u>7,122,984</u> | <u>6,628,024</u> |
| Payments | | | | |
| Employee Costs | | (2,341,425) | (2,167,861) | (2,032,963) |
| Materials and Contracts | | (2,618,453) | (2,045,745) | (1,254,786) |
| Utility Charges | | (243,374) | (306,506) | (274,697) |
| Interest Expenses | | (88,738) | (88,739) | (97,715) |
| Insurance Expenses | | (149,138) | (172,405) | (159,567) |
| Goods and Services Tax | | (568,626) | (227,306) | (499,470) |
| Other Expenditure | | (355,600) | (572,979) | (384,790) |
| | | <u>(6,365,354)</u> | <u>(5,581,541)</u> | <u>(4,703,988)</u> |
| Net Cash Provided By (Used In) Operating Activities | 13(b) | <u>2,683,003</u> | <u>1,541,443</u> | <u>1,924,036</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Development of Land Held for Resale | | 0 | (60,000) | (15,162) |
| Payments for Purchase of Property, Plant & Equipment | | (2,423,227) | (3,344,989) | (851,849) |
| Payments for Construction of Infrastructure | | (1,832,229) | (2,194,562) | (2,325,498) |
| Non-Operating Grants, Subsidies and Contributions | | 2,019,541 | 2,003,531 | 1,665,669 |
| Proceeds from Sale of Fixed Assets | | 125,852 | 8,000 | 115,163 |
| Net Cash Provided by (Used in) Investment Activities | | <u>(2,110,063)</u> | <u>(3,588,020)</u> | <u>(1,411,677)</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | (165,500) | (165,501) | (156,525) |
| Proceeds from New Debentures | | 0 | 230,000 | 0 |
| Net Cash Provided By (Used In) Financing Activities | | <u>(165,500)</u> | <u>64,499</u> | <u>(156,525)</u> |
| Net Increase (Decrease) in Cash Held | | 407,440 | (1,982,078) | 355,834 |
| Cash at Beginning of Year | | 2,847,373 | 2,944,238 | 2,491,539 |
| Cash and Cash Equivalents at the End of the Year | 13(a) | <u><u>3,254,813</u></u> | <u><u>962,160</u></u> | <u><u>2,847,373</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 2015**

| | NOTE | 2015 Actual \$ | 2015 Budget \$ | 2014 Actual \$ |
|-------------------------------------------------------|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| General Purpose Funding | | 2,835,993 | 1,852,287 | 939,324 |
| Governance | | 67,970 | 29,728 | 64,892 |
| Law, Order, Public Safety | | 22,563 | 54,700 | 26,164 |
| Health | | 3,970 | 3,240 | 2,800 |
| Education and Welfare | | 386,617 | 532,500 | 634,304 |
| Housing | | 461,062 | 207,000 | 505,422 |
| Community Amenities | | 49,924 | 82,135 | 47,525 |
| Recreation and Culture | | 508,443 | 342,920 | 38,667 |
| Transport | | 1,859,442 | 1,744,784 | 1,429,869 |
| Economic Services | | 605,275 | 671,867 | 694,224 |
| Other Property and Services | | 1,040,961 | 794,124 | 834,510 |
| | | <u>7,842,220</u> | <u>6,315,285</u> | <u>5,217,701</u> |
| Expenses | | | | |
| General Purpose Funding | | (102,673) | (119,822) | (145,747) |
| Governance | | (587,474) | (527,192) | (616,880) |
| Law, Order, Public Safety | | (162,812) | (132,656) | (162,923) |
| Health | | (62,447) | (110,632) | (62,210) |
| Education and Welfare | | (244,165) | (92,689) | (44,831) |
| Housing | | (482,114) | (391,500) | (303,572) |
| Community Amenities | | (301,382) | (272,306) | (266,939) |
| Recreation and Culture | | (1,267,677) | (1,065,790) | (820,812) |
| Transport | | (3,086,152) | (3,029,450) | (3,004,601) |
| Economic Services | | (593,936) | (683,397) | (658,821) |
| Other Property and Services | | (1,229,034) | (652,298) | (832,067) |
| | | <u>(8,119,866)</u> | <u>(7,077,732)</u> | <u>(6,919,403)</u> |
| Net Result Excluding Rates | | (277,646) | (762,447) | (1,701,702) |
| Adjustments for Cash Budget Requirements: | | | | |
| Loss on Revaluation of Fixed Assets | | 0 | 0 | 136,182 |
| (Profit)/Loss on Asset Disposals | 20 | 62,652 | 15,089 | 62,617 |
| Movement in Deferred Pensioner Rates (Non-Current) | | 0 | 0 | 179,887 |
| Movement in Employee Benefit Provisions (Non-current) | | (63,223) | 0 | 47,722 |
| Depreciation and Amortisation on Assets | 2(a) | 2,722,123 | 2,171,323 | 2,085,103 |
| Capital Expenditure and Revenue | | | | |
| Purchase Land Held for Resale | | 0 | (60,000) | (15,162) |
| Purchase Land and Buildings | 6(a) | (2,289,614) | (3,076,489) | (174,347) |
| Purchase Furniture and Equipment | 6(a) | 0 | (14,000) | (2,194) |
| Purchase Plant and Equipment | 6(a) | (133,615) | (254,500) | (294,605) |
| Purchase Work In Progress | 6(a) | 0 | 0 | (380,703) |
| Purchase Roads | 7(a) | (1,707,275) | (1,853,061) | (2,033,228) |
| Purchase Parks & Ovals | 7(a) | (124,954) | (341,501) | (292,270) |
| Proceeds from Disposal of Fixed Assets | 20 | 125,852 | 8,000 | 115,163 |
| Repayment of Debentures | 21(a) | (165,500) | (165,501) | (156,525) |
| Proceeds from New Debentures | | 0 | 230,000 | 0 |
| Transfers to Reserves (Restricted Assets) | 11 | (442,810) | (123,499) | (1,304,057) |
| Transfers from Reserves (Restricted Assets) | 11 | 1,317,539 | 1,559,520 | 220,000 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | 22(b) | 208,157 | 72,459 | 1,289,789 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | 22(b) | 1,843,806 | 13,821 | 208,157 |
| Total Amount Raised from General Rate | 22(a) | <u>(2,612,120)</u> | <u>(2,608,428)</u> | <u>(2,426,487)</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 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has also 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 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 Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the City 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 City 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 City.

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 seal | 50 years |
| - 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that the City 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 City 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 City 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 2015

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the City becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the City 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the City 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 City'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 City prior to the end of the financial year that are unpaid and arise when the City 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

Provision is made for the City'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 City'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 City'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 City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City 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 City 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 City, 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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the City 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 City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City'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 City and the associate are eliminated to the extent of the City's interest in the associate.

When the City's share of losses in an associate equals or exceeds its interest in the associate, the City 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 City 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 City'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 13.

(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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City 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 City'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 City 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 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

| Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8) | December 2014 | 1 January 2018 | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect. |
| (ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) | September 2012 | 1 January 2018 | Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above). |
| [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] | | | |

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

| | | | |
|------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (iii) 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> |
| (iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments | December 2013 | Refer title column | <p>Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.</p> |
| [Operative date: Part C Financial Instruments - 1 January 2015] | | | |

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title | Issued / Compiled | Applicable ⁽¹⁾ | Impact |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (vii) 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. |
| (viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049] | January 2015 | 1 January 2016 | 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. |
| (ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality | January 2015 | 1 July 2015 | This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged. |
| (x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049] | March 2015 | 1 July 2016 | The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary. |

Notes:

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

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

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:

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

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

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

| 2. REVENUE AND EXPENSES | 2015 | 2014 |
|-------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| (a) Net Result | | |
| The Net Result includes: | | |
| (i) Charging as an Expense: | | |
| Auditors Remuneration | | |
| - Audit of the annual financial report | 21,546 | 27,073 |
| - Other | 3,900 | 1,888 |
| | <u>25,446</u> | <u>28,961</u> |
| Depreciation | | |
| Non-Specialised Buildings | 388,628 | 129,566 |
| Furniture and Equipment | 27,285 | 27,652 |
| Plant and Equipment | 222,384 | 239,315 |
| Roads | 1,753,405 | 1,636,791 |
| Footpaths | 15,746 | 8,188 |
| Airfield | 55,150 | 0 |
| Parks & Ovals | 221,346 | 40,303 |
| Other Infrastructure | 38,179 | 3,288 |
| | <u>2,722,123</u> | <u>2,085,103</u> |
| Interest Expenses (Finance Costs) | | |
| Debentures (<i>refer Note 21.(a)</i>) | 86,249 | 95,431 |
| | <u>86,249</u> | <u>95,431</u> |
| Rental Charges | | |
| - Operating Leases | 336,401 | 297,530 |
| | <u>336,401</u> | <u>297,530</u> |
| (ii) Crediting as Revenue: | | |
| Other Revenue | | |
| Reimbursements and Recoveries | 613,926 | 79,187 |
| Other | 42,096 | 2,407 |
| | <u>656,022</u> | <u>81,594</u> |
| | 2015 | 2015 |
| | Actual | Budget |
| | \$ | \$ |
| Interest Earnings | | 2014 |
| - Reserve Funds | 39,142 | Actual |
| - Other Funds | 38,216 | \$ |
| Other Interest Revenue (<i>refer note 26</i>) | 6,712 | |
| | <u>84,070</u> | <u>75,618</u> |

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, 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.

SHIRE VISION

The Shire of Perenjori is the inland centre of mining, industry and agricultural development in Midwest WA.

Council operations as disclosed in this report encompass the following service orientated activities/programs:

GOVERNANCE

Administration expenditure including salaries, training and general expenses.

GENERAL PURPOSE FUNDING

Rates, Federal Assistance grants and costs associated with rate collection.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local laws, fire prevention and animal control.

HEALTH

Food control, mosquito control, management of Health Services, and provision of medical services.

EDUCATION AND WELFARE

Donations to local education facilities, Perenjori Early Childhood Centre.

HOUSING

Provision and maintenance of staff and private housing.

COMMUNITY AMENITIES

Rubbish collection services, operation and maintenance of refuse sites, cemetery maintenance and improvements, flood mitigation, public convenience maintenance, community development position & activities.

RECREATION AND CULTURE

Maintenance of halls, gymnasium, community swimming pool, recreation centres, parks & gardens, ovals and various reserves, operation of library services.

TRANSPORT

Maintenance of roads, drainage, footpaths, parking facilities, traffic control, street cleaning, maintenance of airstrip.

ECONOMIC SERVICES

Tourism, townscape projects, caravan park maintenance and operation, building control, economic development projects including Business Incubator project.

OTHER PROPERTY & SERVICES

Private works, public works overhead, plant operation costs and unclassified items.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| <u>Grant/Contribution</u> | <u>Function/ Activity</u> | <u>Opening Balance ⁽¹⁾ 01/07/13 \$</u> | <u>Received ⁽²⁾ 2013/14 \$</u> | <u>Expended ⁽³⁾ 2013/14 \$</u> | <u>Closing Balance ⁽¹⁾ 30/06/14 \$</u> | <u>Received ⁽²⁾ 2014/15 \$</u> | <u>Expended ⁽³⁾ 2014/15 \$</u> | <u>Closing Balance 30/06/15 \$</u> |
|--------------------------------------------|-------------------------------|---------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| Regional GLGF | Housing | 0 | 311,037 | (261,772) | 49,265 | 0 | (49,265) | 0 |
| Department of Regional Development | Education & Welfare | 0 | 575,000 | (575,000) | 0 | 0 | 0 | 0 |
| Department of Education & Employment | Education & Welfare | 0 | 59,304 | (31,082) | 28,222 | 0 | (28,222) | 0 |
| CLGF - Business Incubator | Economic Services | 228,953 | 0 | (228,953) | 0 | 0 | 0 | 0 |
| FESA - NDRP Weatherstations | Law Order & Public Safety | 2,214 | 0 | (2,214) | 0 | 0 | 0 | 0 |
| MWDC - Early Childhood Centre | Education | 387,000 | 0 | (387,000) | 0 | 0 | 0 | 0 |
| Department of Sport & Rec | Recreation & Culture | 67,233 | 0 | (67,233) | 0 | 0 | 0 | 0 |
| DSR | Rec & Culture | 0 | 0 | 0 | 0 | 30,000 | (30,000) | 0 |
| DLGRG - Cat Act Implementation | Law Order & Public Safety | 4,755 | 0 | (4,755) | 0 | 0 | 0 | 0 |
| Lottrywest | Community Development | 0 | 0 | 0 | 0 | 25,560 | (25,560) | 0 |
| Lotterywest | Education & Welfare | 0 | 0 | 0 | 0 | 27,000 | (27,000) | 0 |
| CLGF | Rec & Culture | 0 | 0 | 0 | 0 | 100,000 | (100,000) | 0 |
| Regional Road Group | Transport | 0 | 0 | 0 | 0 | 578,240 | (578,240) | 0 |
| Roads to Recovery | Transport | 0 | 0 | 0 | 0 | 388,348 | (388,348) | 0 |
| Black Spot Funding | Transport | 0 | 0 | 0 | 0 | 91,027 | (91,027) | 0 |
| Department of Regional Development | Rec & Culture | 0 | 0 | 0 | 0 | 122,000 | (122,000) | 0 |
| CLGF | Rec & Culture | 0 | 0 | 0 | 0 | 22,771 | (22,771) | 0 |
| MWDC | Housing | 0 | 0 | 0 | 0 | 17,000 | (17,000) | 0 |
| Department of Regional Development | Education & Welfare25000 | 0 | 0 | 0 | 0 | 25,000 | (25,000) | 0 |
| Department of Local Government | Education & Welfare25000 | 0 | 0 | 0 | 0 | 1,000 | (1,000) | 0 |
| Gundruwa Regional Conservation Association | Education & Welfare25000 | 0 | 0 | 0 | 0 | 20,000 | (20,000) | 0 |
| MWDC | Housing | 0 | 0 | 0 | 0 | 151,200 | 0 | 151,200 |
| Total | | <u>690,155</u> | <u>945,341</u> | <u>(1,558,009)</u> | <u>77,487</u> | <u>1,599,146</u> | <u>(1,525,433)</u> | <u>151,200</u> |

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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

| | Note | 2015 \$ | 2014 \$ |
|----------------------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| 3. CASH AND CASH EQUIVALENTS | | | |
| Unrestricted | | 1,618,105 | 409,649 |
| Restricted | | <u>1,636,708</u> | <u>2,437,724</u> |
| | | <u>3,254,813</u> | <u>2,847,373</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Leave Reserve | 11 | 58,079 | 56,649 |
| Computer Reserve | 11 | 8,380 | 8,197 |
| Plant Replacement Reserve | 11 | 232,112 | 271,096 |
| Staff Housing Reserve | 11 | 171,283 | 167,221 |
| Joint Venture Housing Reserve | 11 | 183,337 | 115,690 |
| Local Groups Interest Free Reserve | 11 | 15,875 | 15,484 |
| Local Achievement Reserve | 11 | 2,603 | 2,552 |
| Resufe Site Reserve | 11 | 94,711 | 92,378 |
| Swimming Pool Reserve | 11 | 81,488 | 79,486 |
| Sport & Rec Reserve | 11 | 2,660 | 2,595 |
| Caravan Park Reserve | 11 | 8,025 | 7,832 |
| CVP Village Reserve | 11 | 50,036 | 48,803 |
| Airstrip Development Reserve | 11 | 2,928 | 2,856 |
| Water Harvesting Control Reserve | 11 | 39,211 | 38,248 |
| Vocal History Reserve | 11 | 7,332 | 7,152 |
| Water Supply Reserve | 11 | 17,872 | 17,455 |
| Community Bus Maintenance Reserve | 11 | 17,640 | 17,206 |
| Road Reserve | 11 | 10,122 | 9,873 |
| Gravel Pit Rehab Reserve | 11 | 18,451 | 18,060 |
| Community Amenities Reserve | 11 | 24,391 | 23,874 |
| Mt Gibson Infrastructure Reserve | 11 | 288,972 | 285,509 |
| Early Childhood Reserve | 11 | 0 | 913,403 |
| Business Incubator Reserve | 11 | 0 | 158,618 |
| Communications Reserve | 11 | 150,000 | 0 |
| Unspent Grants | 2(c) | <u>151,200</u> | <u>77,487</u> |
| | | <u>1,636,708</u> | <u>2,437,724</u> |
| 4. TRADE AND OTHER RECEIVABLES | | | |
| Current | | | |
| Rates Outstanding | | 116,477 | 79,536 |
| Sundry Debtors | | 281,712 | 386,995 |
| GST Receivable | | 32,831 | 34,711 |
| Prepayments | | <u>17,532</u> | <u>17,532</u> |
| | | <u>448,552</u> | <u>518,774</u> |
| Non-Current | | | |
| Rates Outstanding | | 21,081 | 21,081 |
| Loans - Clubs/Institutions | | <u>3,630</u> | <u>3,630</u> |
| | | <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: | | | |
| | | 2,015 \$'000 | 2,014 \$,000 |
| 0 to 3 months overdue | | 61,003 | 38,546 |
| 3 to 6months overdue | | 0 | 0 |
| Over 6 months overdue | | <u>137,558</u> | <u>100,617</u> |
| | | <u>198,561</u> | <u>139,163</u> |
| 5. INVENTORIES | | | |
| Current | | | |
| Fuel and Materials | | <u>92,897</u> | <u>44,449</u> |
| | | <u>92,897</u> | <u>44,449</u> |
| Non-Current | | | |
| Land Held for Resale - Cost | | | |
| Cost of Acquisition | | 62,168 | 62,168 |
| Development Costs | | <u>394,671</u> | <u>382,778</u> |
| | | <u>456,839</u> | <u>444,946</u> |

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

| | 2015 | 2014 |
|-----------------------------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land and Buildings | | |
| Freehold Land at: | | |
| - Independent Valuation 2014 | 947,000 | 947,000 |
| | <u>947,000</u> | <u>947,000</u> |
| Land Vested In and Under the Control of Council at: | | |
| - Management Valuation 2014 | 424,500 | 424,500 |
| | <u>424,500</u> | <u>424,500</u> |
| Total Land | <u>1,371,500</u> | <u>1,371,500</u> |
| Non-Specialised Buildings at: | | |
| - Independent Valuation 2014 | 13,167,017 | 12,726,000 |
| - Additions after Valuation - Cost | 2,289,614 | 14,491 |
| Less: Accumulated Depreciation | (392,896) | 0 |
| | <u>15,063,735</u> | <u>12,740,491</u> |
| Total Buildings | <u>15,063,735</u> | <u>12,740,491</u> |
| Total Land and Buildings | <u>16,435,235</u> | <u>14,111,991</u> |
| Furniture and Equipment at: | | |
| - Management Valuation 2015 | 154,393 | 655,321 |
| Less Accumulated Depreciation | 0 | (422,790) |
| | <u>154,393</u> | <u>232,531</u> |
| Plant and Equipment at: | | |
| - Independent Valuation 2013 | 1,516,470 | 1,586,000 |
| - Management Valuation 2013 | 323,739 | 323,739 |
| - Additions after Valuation - Cost | 428,220 | 294,605 |
| Less Accumulated Depreciation | (434,589) | (230,175) |
| | <u>1,833,840</u> | <u>1,974,169</u> |
| Work In Progress at: | | |
| - Cost | 0 | 453,523 |
| | <u>0</u> | <u>453,523</u> |
| | <u>18,423,468</u> | <u>16,772,214</u> |

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

Furniture and Equipment

Furniture and equipment was revalued by Management in June 2015 as part of the mandatory requirements embodied in the Local Government (Financial Management) Regulation 17A. It is considered that 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.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) 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 | Change in Class | Additions | (Disposals) | Depreciation (Expense) | Carrying Amount at the End of Year |
|----------------------------------------------------|-----------|---------------------------------------------------------|----------------------------|------------------|--------------------|-----------------------------------|-------------------------------------------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Freehold Land | (Level 2) | 947,000 | 0 | 0 | 0 | 0 | 947,000 |
| Land Vested In and Under the Control of Council | (Level 3) | 424,500 | 0 | 0 | 0 | 0 | 424,500 |
| Total Land | | 1,371,500 | 0 | 0 | 0 | 0 | 1,371,500 |
| Non-Specialised Buildings | (Level 3) | 12,740,491 | 471,258 | 2,289,614 | (49,000) | (388,628) | 15,063,735 |
| Total Buildings | | 12,740,491 | 471,258 | 2,289,614 | (49,000) | (388,628) | 15,063,735 |
| Total Land and Buildings | | 14,111,991 | 471,258 | 2,289,614 | (49,000) | (388,628) | 16,435,235 |
| Furniture and Equipment | (Level 2) | 232,531 | 0 | 0 | (50,853) | (27,285) | 154,393 |
| Plant and Equipment | (Level 2) | 1,974,169 | 0 | 133,615 | (51,560) | (222,384) | 1,833,840 |
| Work In Progress | | 453,523 | (453,523) | 0 | 0 | 0 | 0 |
| Total Property, Plant and Equipment | | 16,772,214 | 17,735 | 2,423,229 | (151,413) | (638,297) | 18,423,469 |

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

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

| <u>Asset Class</u> | <u>Fair Value Hierarchy</u> | <u>Valuation Technique</u> | <u>Basis of valuation</u> | <u>Date of last Valuation</u> | <u>Inputs used</u> |
|-----------------------|-----------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Land and buildings | | | | | |
| Freehold land | 2 | Market approach using recent observable market data for similar items (Net revaluation method) | Independent Registered | June 2014 | Price per hectare/market borrowing rate |
| Buildings | 3 | Market approach using recent observable market data for similar properties (Net revaluation method) | Independent Registered Valuers | June 2014 | Improvements to buildings using construction costs and current condition (Level2) , residual values and remaining useful life assessments (Level 3) inputs. |
| Plant & Equipment | 2 | Market approach using recent observable market data for similar items (Net revaluation method) | Management Valuation | June 2013 | Price per item |
| Furniture & Equipment | 3 | Cost approach using depreciated replacement cost (Net revaluation method) | Management Valuation | June 2015 | 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 2015

| | 2015 | 2014 |
|------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| 7. INFRASTRUCTURE | | |
| Roads | | |
| - Management Valuation 2015 | 94,279,337 | 0 |
| - Cost | 0 | 57,213,932 |
| Less Accumulated Depreciation | <u>(32,714,013)</u> | <u>(33,207,403)</u> |
| | 61,565,324 | 24,006,529 |
| | | |
| Footpaths | | |
| - Management Valuation 2015 | 584,460 | 0 |
| - Cost | 0 | 329,180 |
| Less Accumulated Depreciation | <u>(100,339)</u> | <u>(77,402)</u> |
| | 484,121 | 251,778 |
| | | |
| Airfield | | |
| - Independent Valuation 2015 | 730,300 | 0 |
| - Cost | 0 | 123,165 |
| Less Accumulated Depreciation | <u>(55,150)</u> | <u>(97,199)</u> |
| | 675,150 | 25,966 |
| | | |
| Parks & Ovals | | |
| - Independent Valuation 2015 | 3,691,823 | 0 |
| - Cost | 0 | 2,774,140 |
| - Additions after Valuation - Cost | 124,954 | 0 |
| Less Accumulated Depreciation | <u>(222,865)</u> | <u>(300,972)</u> |
| | 3,593,912 | 2,473,168 |
| | | |
| Other Infrastructure | | |
| - Independent Valuation 2015 | 398,600 | 0 |
| - Management Valuation 2015 | 158,510 | 0 |
| - Cost | 0 | 278,792 |
| Less Accumulated Depreciation | <u>(39,192)</u> | <u>(28,981)</u> |
| | 517,918 | 249,811 |
| | | |
| | <u>66,836,425</u> | <u>27,007,252</u> |

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

In June 2014 Griffin Valuation Advisory were engaged to provide Council with the Fair Value of its Airfield, Parks & Ovals and Other Infrastructure. The revaluation came into effect on the 01 July 2014.

The Shire's Infrastructure Roads and Footpaths were revalued as at 30 June 2015 by Greenfield Technical Services an independent specialist valuer.

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 2015

7. INFRASTRUCTURE (Continued)

(a) 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 | Change in Class | Additions | (Disposals) | Revaluation Increments/ (Decrements) | Impairment (Losses)/ Reversals | Depreciation (Expense) | Carrying Amount at the End of Year |
|----------------------|------------------------------------------------------------|----------------------------|-------------------------|------------------------|-----------------------------------------------------|-----------------------------------------------|-----------------------------------|-------------------------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Roads | 24,006,529 | (11,502) | 1,707,275 | (33,807) | 37,650,234 | 0 | (1,753,405) | 61,565,324 |
| Footpaths | 251,778 | | 0 | 0 | 248,089 | 0 | (15,746) | 484,121 |
| Airfield | 25,966 | 0 | 0 | 0 | 704,334 | 0 | (55,150) | 675,150 |
| Parks & Ovals | 2,473,168 | 11,765 | 124,954 | (3,284) | 1,208,656 | 0 | (221,346) | 3,593,912 |
| Other Infrastructure | 249,811 | (29,891) | 0 | 0 | 336,177 | 0 | (38,179) | 517,918 |
| Total | <u>27,007,252</u> | <u>(29,629)</u> | <u>1,832,229</u> | <u>(37,092)</u> | <u>40,147,490</u> | <u>0</u> | <u>(2,083,826)</u> | <u>66,836,425</u> |

The revaluation of infrastructure assets resulted in an increase on revaluation of \$40,147,490 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the Shires's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

7 INFRASTRUCTURE (Continued)

(b) 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. |
| 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. |
| Airfield | 3 | Cost approach using depreciated replacement cost (Net revaluation method) | Independent Registered Valuers | July 2014 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs. |
| Parks & Ovals | 3 | Cost approach using depreciated replacement cost (Net revaluation method) | Independent Registered Valuers | July 2014 | Construction/Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| 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 |

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 2015

| | 2015 | 2014 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 386,697 | 748,210 |
| Accrued Interest on Debentures | 24,050 | 26,539 |
| Accrued Salaries and Wages | 0 | 47,126 |
| ATO Liabilities | 51,744 | 0 |
| Excess Rates | 4,458 | 20,327 |
| | <u>466,949</u> | <u>842,202</u> |

9. LONG-TERM BORROWINGS

| | | |
|---------------------------------------|------------------|------------------|
| Current | | |
| Secured by Floating Charge Debentures | <u>175,005</u> | <u>165,501</u> |
| | <u>175,005</u> | <u>165,501</u> |
| Non-Current | | |
| Secured by Floating Charge Debentures | <u>1,224,844</u> | <u>1,399,848</u> |
| | <u>1,224,844</u> | <u>1,399,848</u> |

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

| | | |
|-------------|----------------|----------------|
| Current | 147,436 | 191,962 |
| Non-Current | <u>9,851</u> | <u>28,551</u> |
| | <u>157,287</u> | <u>220,513</u> |

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------------|---------------------|
| Opening balance at 1 July 2014 | 133,443 | 87,070 | 220,513 |
| Amounts used | (11,680) | 0 | (11,680) |
| Decrease due to staff changes & LSL taken | <u>0</u> | <u>(51,546)</u> | <u>(51,546)</u> |
| Balance at 30 June 2015 | <u>121,763</u> | <u>35,524</u> | <u>157,287</u> |

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

| | 2015 \$ | 2015 Budget \$ | 2014 \$ |
|-----------------------------------------------|----------------|----------------------|----------------|
| 11. RESERVES - CASH BACKED | | | |
| (a) Leave Reserve | | | |
| Opening Balance | 56,649 | 56,436 | 55,216 |
| Amount Set Aside / Transfer to Reserve | 1,430 | 1,017 | 1,433 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>58,079</u> | <u>57,453</u> | <u>56,649</u> |
| (b) Computer Reserve | | | |
| Opening Balance | 8,197 | 270,075 | 7,990 |
| Amount Set Aside / Transfer to Reserve | 183 | 4,866 | 207 |
| Amount Used / Transfer from Reserve | 0 | (54,000) | 0 |
| | <u>8,380</u> | <u>220,941</u> | <u>8,197</u> |
| (c) Plant Replacement Reserve | | | |
| Opening Balance | 271,096 | 8,167 | 264,240 |
| Amount Set Aside / Transfer to Reserve | 6,534 | 147 | 6,856 |
| Amount Used / Transfer from Reserve | (45,518) | 0 | 0 |
| | <u>232,112</u> | <u>8,314</u> | <u>271,096</u> |
| (d) Staff Housing Reserve | | | |
| Opening Balance | 167,221 | 166,591 | 162,992 |
| Amount Set Aside / Transfer to Reserve | 4,062 | 3,001 | 4,229 |
| Amount Used / Transfer from Reserve | 0 | (99,395) | 0 |
| | <u>171,283</u> | <u>70,197</u> | <u>167,221</u> |
| (e) Joint Venture Housing Reserve | | | |
| Opening Balance | 115,690 | 115,254 | 112,764 |
| Amount Set Aside / Transfer to Reserve | 67,647 | 2,076 | 2,926 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>183,337</u> | <u>117,330</u> | <u>115,690</u> |
| (f) Local Groups Interest Free Reserve | | | |
| Opening Balance | 15,484 | 15,426 | 15,092 |
| Amount Set Aside / Transfer to Reserve | 391 | 278 | 392 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>15,875</u> | <u>15,704</u> | <u>15,484</u> |
| (g) Local Achievement Reserve | | | |
| Opening Balance | 2,552 | 2,543 | 2,488 |
| Amount Set Aside / Transfer to Reserve | 51 | 46 | 64 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>2,603</u> | <u>2,589</u> | <u>2,552</u> |
| (h) Resufe Site Reserve | | | |
| Opening Balance | 92,378 | 92,030 | 90,042 |
| Amount Set Aside / Transfer to Reserve | 2,333 | 1,658 | 2,336 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>94,711</u> | <u>93,688</u> | <u>92,378</u> |
| (i) Sport & Rec Reserve | | | |
| Opening Balance | 2,595 | 2,208 | 100,000 |
| Amount Set Aside / Transfer to Reserve | 65 | 1,841 | 2,595 |
| Amount Used / Transfer from Reserve | 0 | 0 | (100,000) |
| | <u>2,660</u> | <u>4,049</u> | <u>2,595</u> |
| (j) Swimming Pool Reserve | | | |
| Opening Balance | 79,486 | 79,187 | 77,476 |
| Amount Set Aside / Transfer to Reserve | 2,002 | 1,427 | 2,010 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>81,488</u> | <u>80,614</u> | <u>79,486</u> |
| (k) Caravan Park Reserve | | | |
| Opening Balance | 7,832 | 6,541 | 6,399 |
| Amount Set Aside / Transfer to Reserve | 193 | 118 | 1,433 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>8,025</u> | <u>6,659</u> | <u>7,832</u> |

SHIRE OF PERENJORI
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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| | 2015 \$ | 2015 Budget \$ | 2014 \$ |
|----------------------------------------------|----------------|----------------------|----------------|
| (l) CVP Village Reserve | | | |
| Opening Balance | 48,803 | 49,881 | 48,803 |
| Amount Set Aside / Transfer to Reserve | 1,233 | 899 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>50,036</u> | <u>50,780</u> | <u>48,803</u> |
| (m) Airstrip Development Reserve | | | |
| Opening Balance | 2,856 | 2,845 | 2,784 |
| Amount Set Aside / Transfer to Reserve | 72 | 51 | 72 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>2,928</u> | <u>2,896</u> | <u>2,856</u> |
| (n) Water Harvesting Control Reserve | | | |
| Opening Balance | 38,248 | 38,104 | 37,280 |
| Amount Set Aside / Transfer to Reserve | 963 | 686 | 968 |
| Amount Used / Transfer from Reserve | 0 | (38,104) | 0 |
| | <u>39,211</u> | <u>686</u> | <u>38,248</u> |
| (o) Vocal History Reserve | | | |
| Opening Balance | 7,152 | 7,125 | 6,971 |
| Amount Set Aside / Transfer to Reserve | 180 | 128 | 181 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>7,332</u> | <u>7,253</u> | <u>7,152</u> |
| (p) Water Supply Reserve | | | |
| Opening Balance | 17,455 | 17,389 | 17,013 |
| Amount Set Aside / Transfer to Reserve | 417 | 313 | 442 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>17,872</u> | <u>17,702</u> | <u>17,455</u> |
| (q) Community Bus Maintenance Reserve | | | |
| Opening Balance | 17,206 | 17,142 | 16,771 |
| Amount Set Aside / Transfer to Reserve | 434 | 309 | 435 |
| Amount Used / Transfer from Reserve | 0 | (16,000) | 0 |
| | <u>17,640</u> | <u>1,451</u> | <u>17,206</u> |
| (r) Road Reserve | | | |
| Opening Balance | 9,873 | 9,836 | 9,511 |
| Amount Set Aside / Transfer to Reserve | 249 | 175 | 362 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>10,122</u> | <u>10,011</u> | <u>9,873</u> |
| (s) Gravel Pit Rehab Reserve | | | |
| Opening Balance | 18,060 | 17,991 | 17,717 |
| Amount Set Aside / Transfer to Reserve | 391 | 326 | 343 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>18,451</u> | <u>18,317</u> | <u>18,060</u> |
| (t) Community Amenities Reserve | | | |
| Opening Balance | 23,874 | 23,784 | 23,270 |
| Amount Set Aside / Transfer to Reserve | 517 | 429 | 604 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>24,391</u> | <u>24,213</u> | <u>23,874</u> |
| (u) Mt Gibson Infrastructure Reserve | | | |
| Opening Balance | 285,509 | 285,092 | 201,360 |
| Amount Set Aside / Transfer to Reserve | 203,463 | 103,708 | 204,149 |
| Amount Used / Transfer from Reserve | (200,000) | (280,000) | (120,000) |
| | <u>288,972</u> | <u>108,800</u> | <u>285,509</u> |
| (v) Early Childhood Reserve | | | |
| Opening Balance | 913,403 | 913,403 | 0 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 913,403 |
| Amount Used / Transfer from Reserve | (913,403) | (913,403) | 0 |
| | <u>0</u> | <u>0</u> | <u>913,403</u> |

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

| | 2015 \$ | 2015 Budget \$ | 2014 \$ |
|----------------------------------------------|--------------------|----------------------|------------------|
| (w) Business Incubator Reserve | | | |
| Opening Balance | 158,618 | 158,618 | 0 |
| Amount Set Aside / Transfer to Reserve | 0 | 0 | 158,618 |
| Amount Used / Transfer from Reserve | <u>(158,618)</u> | <u>(158,618)</u> | <u>0</u> |
| | <u>0</u> | <u>0</u> | <u>158,618</u> |
| (x) Communications Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 150,000 | 0 | 0 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>150,000</u> | <u>0</u> | <u>0</u> |
| SUMMARY | | | |
| Total Opening Balance | 2,360,237 | 2,355,668 | 1,276,179 |
| Total Amount Set Aside / Transfer to Reserve | 442,810 | 123,499 | 1,304,057 |
| Total Amount Used / Transfer from Reserve | <u>(1,317,539)</u> | <u>(1,559,520)</u> | <u>(220,000)</u> |
| TOTAL RESERVES | <u>1,485,508</u> | <u>919,647</u> | <u>2,360,237</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 2015

11. RESERVES - CASH BACKED (continued)

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

- (a) Leave Reserve**
 - to be used to fund annual and long service leave requirements
- (b) Computer Reserve**
 - to be used to maintain the administration computer systems
- (c) Plant Replacement Reserve**
 - to be used for the purchase of major plant
- (d) Staff Housing Reserve**
 - to be used for future staff housing
- (e) Joint Venture Housing Reserve**
 - surplus funds to be used as per the JV housing agreement
- (f) Local Groups Interest Free Reserve**
 - to be used for community groups in purchasing equipment for their activities
- (g) Local Achievement Reserve**
 - to be used as an incentive to local achievers
- (h) Resufe Site Reserve**
 - to be used for a future landfill site
- (i) Sport & Rec Reserve**
 - to be used to support the maintenance an replacement of sporting & recreation facilities
- (j) Swimming Pool Reserve**
 - to be used for the refurbishment and upgrade of the Perenjori swimming pool facilities
- (k) Caravan Park Reserve**
 - to be used to maintain and upgrade the facilities at the Perenjori caravan park
- (l) CVP Village Reserve**
 - to fund maintenance costs in the accommodation village
- (m) Airstrip Development Reserve**
 - to be used for the ongoing development and maintenance of the airstrip
- (n) Water Harvesting Control Reserve**
 - to be used for the purchase and installation of dams to increase water capacity for supplementing the town's parks, gardens and reserve water supply
- (o) Vocal History Reserve**
 - to be used for the history of our pioneers
- (p) Water Supply Reserve**
 - to be used for holding loan funds for th eproject to supply schemen water to the West Bogada locality
- (q) Community Bus Maintenance Reserve**
 - to be used for the ongoing maintenance and eventual replacement if the Community Bus
- (r) Road Reserve**
 - for the purpose of completing road projects
- (s) Gravel Pit Rehab Reserve**
 - for the purpose of covering the costs of rehabilitating exhausted pits
- (t) Community Amenities Reserve**
 - for assisting organisations providing community amenities
- (u) Mt Gibson Infrastructure Reserve**
 - to be used for the purpose of suppotng 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. (As per agreement)
- (v) Communications Reserve**
 - 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 2015

| 12. | 2015 | 2014 |
|--------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| REVALUATION SURPLUS | \$ | \$ |
| Revaluation surpluses have arisen on revaluation of the following classes of non-current assets: | | |
| (a) Land | | |
| Opening Balance | 899,630 | 0 |
| Revaluation Increment | 0 | 899,630 |
| Revaluation Decrement | | |
| | <u>899,630</u> | <u>899,630</u> |
| (b) Buildings | | |
| Opening Balance | 6,858,495 | 0 |
| Revaluation Increment | 0 | 6,858,495 |
| Revaluation Decrement | | |
| | <u>6,858,495</u> | <u>6,858,495</u> |
| (c) Plant & Equipment | | |
| Opening Balance | 507,214 | 507,214 |
| Revaluation Increment | 0 | 0 |
| Revaluation Decrement | | |
| | <u>507,214</u> | <u>507,214</u> |
| (d) Roads | | |
| Opening Balance | 17,849,000 | 17,849,000 |
| Revaluation Increment | 37,650,234 | 0 |
| Revaluation Decrement | | |
| | <u>55,499,234</u> | <u>17,849,000</u> |
| (e) Footpaths | | |
| Opening Balance | 0 | 0 |
| Revaluation Increment | 248,089 | 0 |
| Revaluation Decrement | 0 | 0 |
| | <u>248,089</u> | <u>0</u> |
| (f) Parks, Gardens and Reserves | | |
| Opening Balance | 0 | 0 |
| Revaluation Increment | 1,208,656 | 0 |
| Revaluation Decrement | 0 | 0 |
| | <u>1,208,656</u> | <u>0</u> |
| (g) Airport | | |
| Opening Balance | 0 | 0 |
| Revaluation Increment | 704,334 | 0 |
| Revaluation Decrement | 0 | 0 |
| | <u>704,334</u> | <u>0</u> |
| (h) Other Infrastructure | | |
| Opening Balance | 0 | 0 |
| Revaluation Increment | 336,177 | 0 |
| Revaluation Decrement | 0 | 0 |
| | <u>336,177</u> | <u>0</u> |
| SUMMARY | | |
| Opening Balance | 26,114,339 | 18,356,214 |
| Revaluation Increment | 40,147,490 | 7,758,125 |
| Revaluation Decrement | 0 | 0 |
| TOTAL ASSET REVALUATION SURPLUS | <u><u>66,261,829</u></u> | <u><u>26,114,339</u></u> |

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2015 \$ | 2015 Budget \$ | 2014 \$ |
|---------------------------|--------------------------|-------------------------------------------|--------------------------|
| Cash and Cash Equivalents | <u>3,254,813</u> | <u>962,160</u> | <u>2,847,373</u> |

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

| | | | |
|----------------------------------------------------|--------------------|--------------------|--------------------|
| Net Result | 2,334,475 | 1,845,982 | 724,785 |
| Depreciation | 2,722,123 | 2,171,323 | 2,085,103 |
| (Profit)/Loss on Sale of Asset | 62,652 | 15,089 | 62,617 |
| (Increase)/Decrease in Receivables | 70,223 | 187,711 | 649,508 |
| (Increase)/Decrease in Inventories | (48,448) | (25,004) | (6,844) |
| Increase/(Decrease) in Payables | (375,253) | (650,127) | (109,368) |
| Increase/(Decrease) in Employee Provisions | (63,226) | 0 | 47,722 |
| Grants Contributions for the Development of Assets | <u>(2,019,541)</u> | <u>(2,003,531)</u> | <u>(1,665,669)</u> |
| Net Cash from Operating Activities | <u>2,683,003</u> | <u>1,541,443</u> | <u>1,924,036</u> |

| | 2015 \$ | 2014 \$ |
|------------------------------------------------|--------------------------|--------------------------|
| (c) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank Overdraft limit | 0 | 300,000 |
| Bank Overdraft at Balance Date | 0 | 0 |
| Credit Card limit | 20,000 | 20,000 |
| Credit Card Balance at Balance Date | <u>(8,007)</u> | <u>(14,924)</u> |
| Total Amount of Credit Unused | <u>11,993</u> | <u>305,076</u> |
| Loan Facilities | | |
| Loan Facilities - Current | 175,005 | 165,501 |
| Loan Facilities - Non-Current | <u>1,224,844</u> | <u>1,399,848</u> |
| Total Facilities in Use at Balance Date | <u>1,399,849</u> | <u>1,565,349</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 2015

14. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liability.

| 15. CAPITAL AND LEASING COMMITMENTS | 2015 | 2014 |
|--------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| (a) Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not capitalised in the accounts. | | |
| Payable: | | |
| - not later than one year | 315,675 | 336,401 |
| - later than one year but not later than five years | 807,849 | 790,317 |
| - later than five years | <u>0</u> | <u>0</u> |
| | <u><u>1,123,524</u></u> | <u><u>1,126,718</u></u> |

(b) Capital Expenditure Commitments

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

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

16. JOINT VENTURE ARRANGEMENTS

The Shire of Perenjori has a joint venture with the Ministry of Housing for the provision of four family houses and two aged care units. The only assets are cash equity and capital works carried out by Council staff. These assets are included in Land and Buildings as follows:

| | 2015 | 2014 |
|--------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Non-Current Assets | | |
| Land & Buildings at fair value | 505,000 | 505,000 |
| Less: Accumulated Depreciation | <u>(10,100)</u> | <u>0</u> |
| | <u><u>494,900</u></u> | <u><u>505,000</u></u> |

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2015 | 2014 |
|-----------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Governance | 2,757,520 | 2,734,909 |
| General Purpose Funding | 2,184,266 | 1,108,760 |
| Law, Order, Public Safety | 338,941 | 409,809 |
| Health | 303,030 | 307,515 |
| Education and Welfare | 1,586,545 | 1,027,047 |
| Housing | 5,033,344 | 4,851,011 |
| Community Amenities | 261,956 | 90,675 |
| Recreation and Culture | 7,690,365 | 6,654,339 |
| Transport | 65,227,340 | 26,736,060 |
| Economic Services | 2,742,476 | 2,273,744 |
| Other Property and Services | <u>1,411,922</u> | <u>1,465,850</u> |
| | <u><u>89,537,705</u></u> | <u><u>47,659,719</u></u> |

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

| 18. FINANCIAL RATIOS | 2015 | 2014 | 2013 |
|-----------------------------------|-------|--------|--------|
| Current Ratio | 2.95 | 0.92 | 1.29 |
| Asset Sustainability Ratio | 0.74 | 1.08 | 1.10 |
| Debt Service Cover Ratio | 12.41 | 4.92 | 6.78 |
| Operating Surplus Ratio | 0.06 | (0.23) | (0.08) |
| Own Source Revenue Coverage Ratio | 0.62 | 0.61 | 0.60 |

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 63 of this document.

Two of the 2013 ratios disclosed above are distorted by items of significant revenue totalling \$424,500.00 relating to the initial recognition of a Golf Course under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), and 2(a)(ii) for further details).

These items form part of operating revenue and have been included in the calculations above.

These items of significant revenue are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

| | 2013 |
|--------------------------|--------|
| Debt Service Cover Ratio | 5.12 |
| Operating Surplus Ratio | (0.17) |

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

19. TRUST FUNDS

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

| | Balance 1 July 2014 \$ | Amounts Received \$ | Amounts Paid (\$) | Balance 30 June 2015 \$ |
|--------------------------------|------------------------------|---------------------------|-------------------------|-------------------------------|
| Sundry Income | 0 | 259 | 0 | 259 |
| BRB Levy | 495 | 0 | 0 | 495 |
| Bus Bonds | 1,200 | 800 | 0 | 2,000 |
| Hall Bonds | 1,400 | 300 | (150) | 1,550 |
| Housing Bonds | 5,553 | 6,690 | (2,190) | 10,053 |
| Yarra Yarra Regional Council | 34,702 | 0 | (18,241) | 16,461 |
| Other Bonds | 40,138 | 9,140 | (3,550) | 45,728 |
| Perenjori Public Benefit Funds | 75,918 | 160,000 | (30,047) | 205,871 |
| | <u>159,406</u> | <u>177,189</u> | <u>(54,178)</u> | <u>282,417</u> |

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Net Book Value | | Sale Price | | Profit (Loss) | |
|----------------------------------|----------------|---------------|----------------|--------------|-----------------|-----------------|
| | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Plant and Equipment | | | | | | |
| PJ1 | 34,733 | 0 | 40,955 | 0 | 6,222 | 0 |
| PE1669 | 16,827 | 23,089 | 20,000 | 8,000 | 3,173 | (15,089) |
| Land & Buildings | | | | | 0 | |
| Lot 50 Hesford Street | 49,000 | 0 | 64,897 | 0 | 15,897 | 0 |
| Furniture & Equipment | | | | | | |
| Written Off in Revaluation | 50,853 | 0 | 0 | 0 | (50,853) | 0 |
| Roads | | | | | | |
| Written Off in Revaluation | 33,807 | 0 | 0 | 0 | (33,807) | 0 |
| Parks | | | | | | |
| Written Off in Revaluation | 3,284 | 0 | 0 | 0 | (3,284) | 0 |
| | <u>188,504</u> | <u>23,089</u> | <u>125,852</u> | <u>8,000</u> | <u>(62,652)</u> | <u>(15,089)</u> |

| | | |
|--------|-----------------|-----------------|
| Profit | 25,292 | 0 |
| Loss | (87,944) | (15,089) |
| | <u>(62,652)</u> | <u>(15,089)</u> |

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars | Principal 1 July 2014 \$ | New Loans \$ | Principal Repayments | | Principal 30 June 2015 | | Interest Repayments | |
|-----------------------------------|-----------------------------------|--------------------|-------------------------|--------------|---------------------------|--------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| General Purpose Funding | | | | | | | | |
| Loan 94 - Industrial Land | 34,170 | | 7,637 | 7,637 | 26,533 | 26,532 | 2,390 | 2,424 |
| Housing | | | | | | | | |
| Loan 96 - CHA Housing | 131,114 | | 9,649 | 9,649 | 121,465 | 121,462 | 8,186 | 8,419 |
| Loan 97 - Flat Pack Housing | 183,744 | | 19,425 | 19,425 | 164,319 | 164,319 | 8,377 | 8,499 |
| Loan 101 - Duplex Housing | 208,800 | | 22,074 | 22,074 | 186,726 | 186,726 | 9,519 | 9,657 |
| Community Amenities | | | | | | | | |
| Loan 98 - Subdivision John Street | 325,590 | | 14,343 | 14,343 | 311,247 | 311,194 | 22,099 | 22,685 |
| Recreation and Culture | | | | | | | | |
| Loan 99 - Acquatic Centre | 389,294 | | 61,582 | 61,582 | 327,712 | 327,767 | 22,094 | 23,147 |
| Loan 100A - Acquatic Centre | 292,638 | | 30,790 | 30,791 | 261,848 | 261,849 | 13,584 | 13,908 |
| | 1,565,350 | 0 | 165,500 | 165,501 | 1,399,850 | 1,399,849 | 86,249 | 88,739 |

(* Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2014/15

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

(c) Unspent Debentures

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

(d) Overdraft

Council does not have any overdraft facilities in place as at the 30th June 2015

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

| (a) Rates | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|-------------------------------------------------|-----------------------|----------------------------|-------------------------|-----------------------|------------------------|---------------------|------------------------|---------------------------------|---------------------------------|------------------------------|----------------------------------|
| RATE TYPE | | | | | | | | | | | |
| Differential General Rate / General Rate | | | | | | | | | | | |
| UV Rural | 1.8875 | 267 | 83,322,880 | 1,576,027 | | | 1,576,027 | 1,572,719 | | | 1,572,719 |
| UV Mining | 33.3118 | 80 | 1,967,154 | 654,504 | 11,554 | 31 | 666,089 | 655,294 | | | 655,294 |
| GRV Townsite | 7.4568 | 104 | 1,084,896 | 80,899 | 443 | | 81,342 | 80,899 | | | 80,899 |
| GRV Mining | 7.4568 | 2 | 6,435,000 | 480,145 | | | 480,145 | 479,845 | | | 479,845 |
| Unimproved Value Valuations | | | | | | | 0 | | | | 0 |
| Sub-Totals | | 453 | 92,809,930 | 2,791,575 | 11,997 | 31 | 2,803,603 | 2,788,757 | 0 | 0 | 2,788,757 |
| Minimum Payment | Minimum \$ | | | | | | | | | | 0 |
| UV Rural | 300 | 9 | 54,400 | 2,700 | | | 2,700 | 2,700 | | | 2,700 |
| UV Mining | 395 | 44 | 22,620 | 17,380 | | | 17,380 | 17,380 | | | 17,380 |
| GRV Townsite | 300 | 35 | 34,378 | 7,182 | | | 7,182 | 10,500 | | | 10,500 |
| GRV Mining | 300 | 1 | 0 | 0 | | | 0 | 300 | | | 300 |
| Unimproved Value Valuations | | | | | | | | | | | |
| Sub-Totals | | 89 | 111,398 | 27,262 | 0 | 0 | 27,262 | 30,880 | 0 | 0 | 30,880 |
| Ex-Gratia Rates | | | | | | | 2,830,865 | | | | 2,819,637 |
| Discounts (refer note 25.) | | | | | | | 11420 | | | | 11194 |
| Total Amount Raised From General Rate | | | | | | | (226,506) | | | | (219,085) |
| Specified Area Rate (refer note 23.) | | | | | | | 2,612,120 | | | | 2,608,428 |
| Totals | | | | | | | 0 | | | | 0 |
| | | | | | | | 2,612,120 | | | | 2,608,428 |

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

| | 2015 (30 June 2015 Carried Forward) \$ | 2014 (1 July 2014 Brought Forward) \$ | 2014 (30 June 2014 Carried Forward) \$ |
|-----------------------------------------------------|-------------------------------------------------|------------------------------------------------|-------------------------------------------------|
| Surplus/(Deficit) 1 July 13 Brought Forward | <u>1,843,806</u> | <u>208,157</u> | <u>208,157</u> |
| Comprises: | | | |
| Cash and Cash Equivalents | | | |
| Unrestricted | 1,618,105 | 409,649 | 409,649 |
| Restricted | 1,636,708 | 2,437,724 | 2,437,724 |
| Receivables | | | |
| Rates Outstanding | 116,477 | 79,536 | 79,536 |
| Sundry Debtors | 281,712 | 386,995 | 386,995 |
| GST Receivable | 32,830 | 34,711 | 34,711 |
| Prepayments | 17,532 | 17,532 | 17,532 |
| Inventories | | | |
| Fuel and Materials | 92,897 | 44,449 | 44,449 |
| Less: | | | |
| Trade and other Payables | | | |
| Sundry Creditors | (386,697) | (748,210) | (748,210) |
| Accrued Interest on Debentures | (24,050) | (26,539) | (26,539) |
| Accrued Salaries and Wages | 0 | (47,126) | (47,126) |
| ATO Liabilities | (51,742) | 0 | 0 |
| Excess Rates | (4,458) | (20,327) | (20,327) |
| Current Portion of Long Term Borrowings | | | |
| Secured by Floating Charge Debentures | (175,005) | (165,501) | (165,501) |
| Provisions | | | |
| Provision for Annual Leave | (25,673) | (133,443) | (133,443) |
| Provision for Long Service Leave | (121,763) | (58,519) | (58,519) |
| Net Current Assets | <u>3,006,873</u> | <u>2,210,931</u> | <u>2,210,931</u> |
| Less: | | | |
| Reserves - Restricted Cash | (1,485,508) | (2,360,237) | (2,360,237) |
| Component Leave Liability not required to be funded | 147,436 | 191,962 | 191,962 |
| Add: | | | |
| Secured by Floating Charge Debentures | 175,005 | 165,501 | 165,501 |
| Surplus/(Deficit) | <u>1,843,806</u> | <u>208,157</u> | <u>208,157</u> |

Difference

There was no difference between the Surplus/(Deficit) 1 July 2014 Brought Forward position used in the 2015 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2014 audited financial report.

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

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

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

| | Type | Disc % | Total Cost/ Value \$ | Budget Cost/ Value \$ |
|---------------|----------|--------|----------------------------|-----------------------------|
| General Rates | Discount | 10.00% | 226,506 | 219,085 |
| Minimum Rate | Discount | 10.00% | 226,506 | 219,085 |

A 10% discount on current rates levied is granted to ratepayers who pay the full amount of rates outstanding within 35 days of the date of service appearing on the rate notice.

A 5% discount on current rates levied is offered to ratepayers who pay the full amount of rates outstanding on or before the 31st December 2014.

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

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|------------------------------|--------------------|---------------------|---------------|------------------------|
| Interest on Unpaid Rates | 10.00% | | 4,272 | |
| Interest on Instalments Plan | 5.50% | | 2,063 | 3,000 |
| Charges on Instalment Plan | | 5 | 377 | |
| | | | 6,712 | 3,000 |

Ratepayers had the option of paying rates in four equal instalments, due on 28th August 2014, 28th October 2014, 4th January 2015 and 4th March 2015. Administration charges and interest applied for the final three instalments.

| 27. FEES & CHARGES | 2015 \$ | 2014 \$ |
|-------------------------------|--------------------|--------------------|
| Governance | 844 | 0 |
| General Purpose Funding | 1,416 | 16,188 |
| Law, Order, Public Safety | 1,048 | 2,289 |
| Health | 3,970 | 2,800 |
| Education and Welfare | 19,117 | 194,385 |
| Housing | 219,195 | 44,737 |
| Community Amenities | 36,208 | 21,572 |
| Recreation and Culture | 16,927 | 13,478 |
| Transport | 147,268 | 577,266 |
| Economic Services | 422,275 | 680,759 |
| Other Property and Services | 855,004 | |
| | <u>1,723,272</u> | <u>1,553,474</u> |

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

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

28. GRANT REVENUE

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

| | 2015 | 2014 |
|---------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| By Nature or Type: | | |
| Operating Grants, Subsidies and Contributions | 3,334,024 | 1,841,343 |
| Non-Operating Grants, Subsidies and Contributions | 2,019,541 | 1,665,669 |
| | <u>5,353,565</u> | <u>3,507,012</u> |
| By Program: | | |
| Governance | 2,215 | 31,653 |
| General Purpose Funding | 2,793,156 | 879,554 |
| Law, Order, Public Safety | 21,515 | 23,875 |
| Education and Welfare | 367,500 | 634,304 |
| Housing | 168,200 | 311,037 |
| Community Amenities | 13,636 | 2,185 |
| Recreation and Culture | 442,704 | 16,489 |
| Transport | 1,353,639 | 1,416,392 |
| Economic Services | 183,000 | 116,959 |
| Other Property and Services | 8,000 | 74,564 |
| | <u>5,353,565</u> | <u>3,507,012</u> |

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | |
|-----------|-----------|
| <u>35</u> | <u>28</u> |
|-----------|-----------|

30. ELECTED MEMBERS REMUNERATION

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

| | 2015 | 2015 | 2014 |
|------------------------------|---------------|---------------|---------------|
| | \$ | Budget | \$ |
| | | \$ | |
| Meeting Fees | 21,250 | 22,000 | 22,930 |
| President's Allowance | 19,000 | 19,000 | 19,000 |
| Deputy President's Allowance | 4,750 | 4,750 | 4,750 |
| Travelling Expenses | 6,579 | 7,500 | 7,057 |
| | <u>51,579</u> | <u>53,250</u> | <u>53,737</u> |

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

31. MAJOR LAND TRANSACTIONS

John Street - Hirshauer Street Residential Subdivision

(a) Details:

Council commenced this 21 Lot subdivision on Council owned land in 2007-2008. The subdivision currently comprises of the following lots: '3 Lots have been sold to others and the other 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.

(c) Expected Future Cash Flows

| | 2016 | 2017 | 2018 | 2019 | Total |
|-----------------------|---------------|---------------|---------------|---------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cash Outflows | | | | | |
| - Development Costs | 0 | 0 | 0 | 0 | 0 |
| - Loan Repayments | 15,359 | 16,448 | 17,615 | 18,865 | 68,287 |
| | 15,359 | 16,448 | 17,615 | 18,865 | 68,287 |
| Cash Inflows | | | | | |
| - Loan Proceeds | 0 | 0 | 0 | 0 | 0 |
| - Sale Proceeds | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 |
| Net Cash Flows | 15,359 | 16,448 | 17,615 | 18,865 | 68,287 |

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

33 EVENTS OCCURRING AFTER THE REPORTING DATE

Events that occur between the end of the reporting period (ending 30 June 2015 and the date when the financial statements are authorised for issue) have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Events that occur after the Reporting Period represent one of two types:

- i. Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

- ii. Events that provide evidence of conditions that arose after the Reporting Period

The Council is not aware of any material or significant 'non-adjusting events' that should be disclosed.

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

34. FINANCIAL RISK MANAGEMENT

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

Council 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 Council held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|-----------------------|------------------|-------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 3,254,813 | 2,847,373 | 3,254,813 | 2,847,373 |
| Receivables | 473,263 | 543,485 | 473,263 | 543,485 |
| | <u>3,728,076</u> | <u>3,390,858</u> | <u>3,728,076</u> | <u>3,390,858</u> |
| Financial Liabilities | | | | |
| Payables | 466,949 | 842,202 | 466,949 | 842,202 |
| Borrowings | 1,399,849 | 1,565,349 | 1,296,168 | 1,465,379 |
| | <u>1,866,798</u> | <u>2,407,551</u> | <u>1,763,117</u> | <u>2,307,581</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 2015**

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

Council'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 Council.

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

| | 2015 | 2014 |
|------------------------------------------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Impact of a 1% ⁽¹⁾ movement in interest rates on cash | | |
| - Equity | 32,548 | 28,474 |
| - Statement of Comprehensive Income | 32,548 ⁽²⁾ | 28,474 ^(*) |

Notes:

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

⁽²⁾ Maximum impact.

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

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

Council'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. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

Council 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 Council's credit risk at balance date was:

| | 2015 | 2014 |
|-----------------------------------------------|-------------|-------------|
| Percentage of Rates and Annual Charges | | |
| - Current | 0% | 0% |
| - Overdue | 100% | 100% |
| Percentage of Other Receivables | | |
| - Current | 78% | 90% |
| - Overdue | 22% | 10% |

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council 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 Council'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>2015</u> | | | | | |
| Payables | 421,122 | 0 | 0 | 421,122 | 466,947 |
| Borrowings | 254,120 | 1,208,593 | 577,204 | 2,039,917 | 1,399,849 |
| | <u>675,242</u> | <u>1,208,593</u> | <u>577,204</u> | <u>2,461,039</u> | <u>1,866,796</u> |
| <u>2014</u> | | | | | |
| Payables | 842,202 | 0 | 0 | 842,202 | 842,202 |
| Borrowings | 254,240 | 1,006,899 | 779,019 | 2,040,158 | 1,565,349 |
| | <u>1,096,442</u> | <u>1,006,899</u> | <u>779,019</u> | <u>2,882,360</u> | <u>2,407,551</u> |

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

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

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

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

| | <u><1 year</u> | <u>>1<2 years</u> | <u>>2<3 years</u> | <u>>3<4 years</u> | <u>>4<5 years</u> | <u>>5 years</u> | <u>Total</u> | <u>Weighted Average Effective Interest Rate</u> |
|---------------------------------------------|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|--------------|-------------------------------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| <u>Year Ended 30 June 2015</u> | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Debentures | 175,005 | 185,068 | 195,724 | 196,803 | 647,250 | | 1,399,850 | 5.63% |
| Weighted Average Effective Interest Rate | 5.58% | 5.52% | 5.49% | 6.04% | 6.04% | | | |
| <u>Year Ended 30 June 2014</u> | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Debentures | 165,501 | 175,005 | 185,068 | 195,724 | 196,803 | 647,250 | 1,565,351 | 5.65% |
| Weighted Average Effective Interest Rate | 5.60% | 5.58% | 5.58% | 5.52% | 5.49% | 6.04% | | |



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INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF PERENJORI

Report on the Financial Report

We have audited the financial report of the Shire of Perenjori, which comprises the statement of financial position as at 30 June 2015 and the statement 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

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RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

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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 the Shire of Perenjori:

- (i) gives a true and fair view of the financial position of the Shire of Perenjori as at 30 June 2015 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.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PTY LTD

A handwritten signature in black ink that reads 'David Wall'.

D WALL
Director

Perth, WA
Dated: 18 November 2015

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

RATIO INFORMATION

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

| | 2015 | 2014 | 2013 |
|-----------------------------|-------------|-------------|-------------|
| Asset Consumption Ratio | 0.72 | 0.46 | 0.51 |
| Asset Renewal Funding Ratio | 2.05 | 1.94 | 1.56 |

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

Previous Minutes

*Audit Committee Meeting
20th August 2015*

Shire of Perenjori

MINUTES

Audit Committee Meeting

Table of Contents

Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on 20th August 2015, commenced at 11.30am.

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| 15082.2 | CLOSURE..... | 4 |

15081 PRELIMINARIES

Cr L Butler declared the meeting open at 11.32am.

15081.1 RECORD OF ATTENDANCE AND APOLOGIES

Cr L Butler
Cr J Cunningham
Cr R Desmond
Cr H Wass
Cr C King – Observer
Ali Mills – Chief Executive Officer

Apologies:

Cr L Smith
Cr J Hirsch

15081.2 CONFIRMATION OF MINUTES

Minutes from the last Audit meeting held on the 17th March 2015 are attached.

Moved: Cr J Cunningham

Seconded: Cr R Desmond

That the council accepts the minutes of the meeting of the 17th March 2015 as a true and correct record of the meeting.

Carried: 3/0

| |
|------------------------------------------|
| 15081.3 APPOINTMENT OF AN AUDITOR |
|------------------------------------------|

| | |
|--------------------------------|-------------------------------------|
| APPLICANT: | SHIRE OF PERENJORI |
| FILE: | ADM0081 |
| DISCLOSURE OF INTEREST: | NIL |
| AUTHOR: | PETER MONEY - MCDS |
| RESPONSIBLE OFFICER | PETER MONEY - MCDS |
| REPORT DATE: | 20th August 2015 |
| ATTACHMENTS | LETTER FROM RSM BIRD CAMERON |

Executive Summary

This Item recommends that the Audit Committee recommends to the Council the appointment of Mr. David Wall of RSM Bird Cameron as its auditor.

Background

The Audit Committee is required by the Local Government Act to consider the appointment of an auditor and make recommendations to the Council for this appointment.

The Council previously appointed Simon Cubitt from RSM Bird Cameron as its auditor but the Council has been advised that Mr. Cubitt has resigned from RSM Bird Cameron.

15082 OTHER BUSINESS

15082.1 DATE OF NEXT MEETING / MEETINGS

To be advised.

15082.2 CLOSURE

Cr L Butler declared the meeting closed at 11.35am

I certify that this copy of the Minutes is a true and correct record of the meeting held on 20th August 2015.

Signed: _____

Presiding Elected Member

Date: _____