



Shire of Wandering



Annual Report
FY 2016/17

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Shire of Wandering

Our Shire

Location

Wandering is located 120km to the south east of Perth off Albany Hwy on the edge of the Darling Escarpment. The Shire of Wandering has an area of 1,955km² of which some 900km² is State Forest. The population of the district, according to the ABS census in 2012, was 458 persons.

The district borders the local governments of Armadale, Serpentine-Jarrahdale, Murray, Boddington, Williams, Cuballing, Pingelly, Brookton and Beverley. The town of Wandering is located at latitude 32°40'35" south, longitude 116°40'07" east at an elevation of 280 metres, and enjoys an average rainfall of approximately 600mm per annum.

History

Wandering is recorded as being first settled in 1861 when applications were made for the first freehold lots by George and John Watts, whose wandering horses found what is now Grassdale farm. The local authority (Wandering Roads District) was created on 10th October, 1874. The district's name was changed to the Shire of Wandering on 23rd June, 1961.

Local Industries and services

Major agricultural activities include cereal crops (oats, wheat, barley) pulse crops (lupins, chickpeas, faba beans) oil seed (canola), sheep (wool & meat), cattle (meat), pigs, vineyards, olive groves and other limited commercial services.

Education services provided include a local primary school with daily return bus services to Boddington for district high school education.

The Shire is home to a high level of community amenity and major sporting and recreational facilities include the town oval, tennis / basketball / netball courts, badminton courts, bowling green, clay target shooting ground, and a golf course.

Localities

Bannister,	Blackboy Springs,
Codjatotine,	Dwarda,
Hastings,	North Bannister,
Pumphreys Bridge,	Wandering, and
Wandering Downs.	



Our Shire

Significant Local Events

Wheatbelt Wine Awards

Wandering Fair

Annual Endurance Ride

Millfarm Scramble

Tourist Attractions

Wineries

Hotham River

Dryandra Woodland & Barna Mia Wildlife Sanctuary

State Forest

Bibbulman Track & Munda Bididi Trail

Mount Cooke Trail



Our Council



Rear: Cr W Gowland, Deputy Shire President Cr B Dowsett , Cr G Parsons , Cr M Watts ,
Front: Cr J Price, Shire President Cr B Whitely and Cr C Ferguson.

Councillor Contact Details

Cr B (Brendan) Whitely

Shire President

First elected October 2013, Retiring 2017

Telephone: 9884 1027

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Cr BE (Bruce) Dowsett,

Deputy President

First elected May 1995, Retiring 2017

Telephone: 9884 1031

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Shire of Wandering

Our Council

Cr G (Graeme) Parsons

First elected August 2016, Retiring 2019

Telephone: 9887 6022

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Cr W (Wade) Gowland

First elected October 2013, Retiring 2017

Telephone: 9884 1005

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Cr J (Judith) Price,

First elected October 2011, Retiring 2019

Telephone: 0429877097

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Cr C (Chad) Ferguson

First elected October 2011, Retiring 2019

Telephone: 9884 1041

Facsimile: 9884 1551

Email: chadferguson@bigpond.com

Cr M (Max) Watts

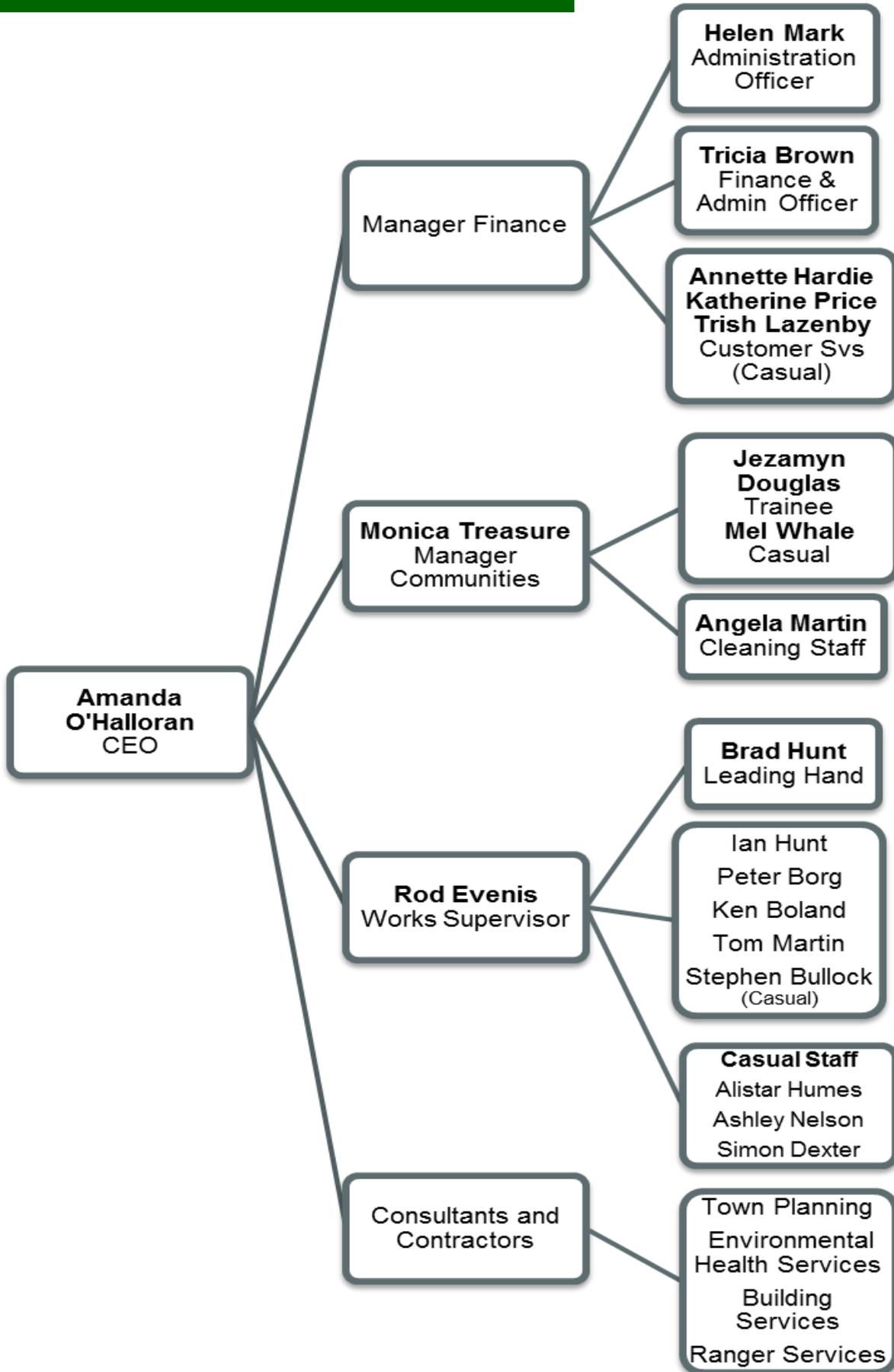
First Elected August 2016, Retiring October 2017

Telephone: 0428 841 069

Email: Maxwatts@skymesh.com.au



Organisational Structure & Staff



Shire President's Report



As you take time to read our 2016/17 Annual Report, you will appreciate not only the breadth of the Council's work, but also the increasing challenges that we face in this economic climate,

and how critical your support is to ensure that we deliver services that are responsive and sustainable to the community's needs.

I am pleased to report that our focus on improving our financial base is producing positive results, with the Shire meeting many of its financial and cash flow targets for the 2016/17 financial year. The Shire has also made good progress in implementing better business strategies and operational initiatives and we can expect higher cash flow savings than originally targeted. With all of this achieved in one of the most challenging climate years on record.

Road works achieved for the year were extensive with improvement works carried out on Carabin Road, Ricks Road and North Bannister Wandering intersection; Ferguson Way Road development and sealing; Cheataning Street reseal; Improvements to the Down Street Culvert; Codjatotone Bridge improvement works; Mooterdine Loop bridge change out; North Bannister Wandering Pingelly

Road tree pruning.

Further improvements were made to the Wandering Caravan Park sponsored by Newmont Boddington Gold, which has enabled us to deliver a quality camping and caravan experience for our visitors to the area. We hope to improve visitor numbers through our association with the Hotham Williams Economic Development Alliance, which received funding this year to develop self-drive trails on behalf of the three Shires associated and with the announcement of the Dryandra National Park approval, Wandering is in a better position to realise an economic gain from the many visitors anticipated to travel to and through Wandering.

We have continued to support our community groups where possible and provided support and in



some instances funding to the Wandering Wheatbelt Wine Awards, Wandering Fair, Wandering Boddington Clay Target Club, Wandering Golf Club, Wandering Playgroup, Wandering Youth and Wandering Seniors, Wandering Lions and Wandering CWA. We are very pleased to be able to support these

Shire President's Report

groups who continue to provide services and events that add such considerable value to our community. A special congratulations must go out the Codjatotine Historical Group for their work on the Codjatotine Rest Bay, this is a wonderful way to commemorate our history. A big thankyou to all involved

The Community was impacted by two significant flood events this year, which placed a considerable workload on our workforce. I would like to thank them for the effort they have gone to in gaining WANDARRA funding in house to rectify the damage caused. This year has seen a huge amount of rain fall in a short amount of time which is unfortunately, impacting on our Crew's ability to carry out our planned road works. Please be patient, the work will be completed as conditions allow.

During the year, the CEO and myself have worked to stay informed and engage our local Politicians and industry decision makers, this is to ensure that we maximise the opportunities for Wandering and stay abreast of issues to deliver a responsible local government.

To maximise our relevance and effectiveness for the Wandering community, we have commenced the review of our Strategic Community Plan in line with Local Government requirements, we have engaged differently this time around to try and have more meaningful discussions with residents and local businesses. We will continue with the process throughout the first half of 2017/18 and look forward to delivering a Strategic Plan and Long Term Finan-

cial Plan that meets the needs to the Wandering Community.



We enter the year ahead knowing that the future of the Wandering Shire is sound. We are strongly focused on executing our plans to continue to improve financial performance, which will enable us to deliver long term value to all of our ratepayers and residents.

In closing I would like to pay tribute to the Shire Staff and Councillors for your efforts and support during the year. We couldn't achieve what we do without you...

Brendan Whitely
Shire President



Chief Executive Officer's Report



I'm proud to say that whilst 2016/17 was an incredibly challenging year, it was a great success both financially and from a service delivery perspective. The hard work of the Shire Teams is paying off and we can put our hand on our hearts and honestly say, we are getting somewhere! This Annual Report gives a snap shot of what we have achieved through out the year.

The Shire maintained a clear focus on strengthening our financial performance, and providing a safe and rewarding community experience for our residents and visitors . Council has worked to share resources where possible and build strong relationships with our neighbouring Shires to enhance our operational performance. This will continue to benefit us into the future. We especially look forward to our alliance with the Shire of Williams in regards to senior financial management commencing in the new financial year. This will strengthen the opportunities between the two Shires and may

lead to other opportunities to share expenses and resources.

The significant rain events have hijacked the last six months and put the Shire team under considerable pressure. These events, which have been declared under the Natural Disaster Relief Fund (WANDRRA), have substantially impaired our road network and the ongoing rain that was received in July and August has hampered the Shire Crew's efforts to repair and carry out remedial works. Works have been further delayed due to the requirement for WANDRRA to approve the works to be undertaken and for estimates to be tested. Positively the works are now all approved and we look forward to hitting the ground running over the summer.

We have pledged a commitment to customer service through out the year as we look to improve our perception in the Community. Some of the initiatives that we have implemented have included an extended on line presence with a move into Facebook communications, weekly website reviews and increased use of the SMS service. We struggle to communicate and disseminate information to the Community without a single avenue available, so we realise that our communication efforts must continue ongoing. Staff regularly review complaints received and our attention is directed to areas that are raised regularly by the community. Obviously road complaints rated very highly through out 2017 and whilst conditions have been difficult we have worked to be responsive and communicate directly with those engaging with the Shire to disseminate information.

We are very proud of our ongoing relationship with the CRC and were relieved to see the new State government continue the service for the next 18 months. We are aware however that ongoing funding for the service is not secure and that we have a challenge to demonstrate to the State Government how incredibly important the service is to Wandering. We will need to call on the community's support to help us demonstrate the relevance and sustainability of the service. Monica Treasure and team have delivered a program that meets the intergenerational needs of the Community, with a focus on health, youth and business development . Clubs have benefitted through out the year with support given to many to seek grants to expand or upgrade their facilities.

I would like to take this opportunity to thank all members of the team and the Council for your ongoing support and contributions. I am extremely confident the Shire of Wandering is well placed to face the challenges and opportunities that it will face over the next few years in a positive and proactive manner.

Amanda O'Halloran
Chief Executive Officer

Shire of Wandering

Year in Review

July 2016

Council adopts its 2016/17 budget
New town entry signs – Town Entry Statement Committee, Lions & CWA Groups.
Renovations at the Caravan Park begin.
CCTV cameras installed and operational.
CRC – Kelly Newton-Wordsworth visit to talk about new book “This is Your Life”.
Footpath upgrades completed
Finalisation of road works program for the 2015/16 year
CRC – School Holiday Program Movie Day & Night
CRC - Yoga & Bootcamp Classes



August 2016

Winter Grading Program completed
Extraordinary Election called. Cr Jim McNeil and Cr Kim Stripe resign, Graeme Parsons and Max Watts elected unopposed to the role of Councillor.
Council authorises the wet hire of the excavator as a donation to the Wandering Boddington Clay Target Club
National Tree Planting Day – Shire incorporates revegetation program (approx 1400 trees planted).
Banners in the terrace – CRC funds excursion and lunch for Wandering Primary School students

September 2016

Stage 2 of tree pruning on Bannister Wandering Road completed
Shire successful in securing funding to purchase cat traps. .
Shire supports Wandering Boddington Clay Target Club with CSRFF Small Grants Application.
Shire donates \$500 to Boddington Junior Football Club for their Roadside Cleanup fundraiser
CRC - Adult Learners Week, Mediation Mayhem
Kitchen upgrade at CRC begins.
R/V Caravan dump point installed.



Council supports Wandering Annual Fair.
Footpath upgrades completed
Finalisation of road works program for the 2015/16 year

Year in Review

October 2016

Council sponsored the WWWW Regional Wine & Dine.

Caravan Park Stage 1 upgrade complete. Key features include:

- Improvements to structural integrity
- New expanded and improved septic system
- Expansion of the building to include disabled toilet and laundry
- Expansion of services offered with increased toilets and showers
- Upgrade of all toilet and shower areas
- Installation of a dump point
- Installation of footpath connecting Campers Kitchen to ablutions
- Sensor lighting
- Upgraded hot water system

Donation to the Wandering Boddington Clay Target Club of \$1000 towards purchase of new Gemini Trap.

Opening of the Codjatotine Historical Groups Rest Bay at Codjatotine, supported by the Shire

Dinner to honour past Shire Presidents.

CRC provided

- Grant writing workshop
- Load restraint course
- Chainsaw course
- School holiday Skate Park Party



November 2016

Annual Electors Meeting held

Caravan Park formal opening –Lions club catered for event with sausage sizzle , Murray Cornish and family donated truck rim for fire pit.

New Health Inspector – Gordon Tester.

Dryandra Woodland becomes first Wheatbelt National Park.

Bubbles, Bikes & Boards School Holiday Activity - Skate Park

Free Interactive Online Food Safety training implemented

CRC - Seniors outing to Araluen and lunch at Roleys on the Ridge

New bins and seats installed at the Skate Park.



Shire of Wandering

Year in Review

Medium strip in front of the Tavern tidied up and bin replaced.

December 2016

CRC - Town Christmas Lights and Farm Gate Competition

CRC - Christmas Crafts

CRC - School Holiday Excursion to Kalamunda Water Park

Wandering CWA Christmas Tree.

Codji Bridge repairs completed

WALGA's Roadwise Road Ribbon for Road Safety campaign.

Successful Grand Funding -

- Department of Local Government and Communities – Community Development Grant to carry out Health and Well-being program – focus on Aged, Men's Health and Early years \$17,280.00
- Department of Local Government and Communities – Youth Traineeship, Funding available to employ extra trainee part time to help deliver Community Development Program \$16,850.00
- Disability Services Commission – Disability Improvements to front counter, work experience program and development of job descriptions for Outdoor Staff \$10,000.00

Summer grading commences

Extension to Ferguson Road, to support future development of the Industrial Area. Works commence

Works to upgrade and increase the culverts at Down Street begin.

Wandering Community has been loaned a fast attack vehicle from the DFES for the 2016/17 Fire Season.

January/ February 2016

Australia Day Breakfast

Completion of North Bannister Wandering Road, road works – Regional Road Group

Shire said good bye to trainee Rachel Anthony and welcomed Lily Frawley

Farewell to Durga Ojha Finance Manager, Pretima and their gorgeous children

Upgrade of Carabin Creek Crossing.

Lions Monster Auction.

Annual Fox Hunt.

CRC - Bootcamp & Yoga Classes commence for the year

CRC - After School Sports commences for the year

Navigating the Food Act – Free Info Session.

Big rain event!



Year in Review

March 2017

CRC - Summer Community BBQ.
State Election Day
CRC - Boogie Roos Workshops
CRC - Women's Health Doctor
Main Roads storm/flood damage assessment/claim process commences
Thanks to Cathy Cornish – metal detector to check playgrounds and other public places for dangerous objects.

April 2017

ANZAC Day Dawn Service – Wandering CWA and Lions and the Shire
Prescribed burn at Water Corp Reserve – Volunteer Fire fighters and local DFES.
Wandering Councillors Annual Road Inspection.
York Williams road works finalised
Toyota Landcruiser Club of WA visit to Wandering.
PHCC on Farm Weed Management Workshop & Demonstration at Fernhill.
CRC – School holiday movie night.
CRC - Easter Crafts

May 2017

Opening of the Wander In Food Van.
5yr Road Replacement Plan adopted by Council.
CRC - National Simultaneous Storytime
Popanyinning Feral Cat Info Session – WA Feral Animal Management
Farewell to Trainee Lily Frawley, Welcome to new Trainee Jezamyn Douglas
CRC - Boogie Roos.
CRC - Mother's Day Craft

June 2017

Shire approves \$500 donation to Wandering Playgroup for the purchase of new outdoor play equipment. sponsored by Newmont
Caravan Park upgrade – 12 watered, powered and sullage bays finalised and
Mining
Strategic Planning community consultation commences in earnest
Repairing further flood damage to Down St.
Ricks Road intersection sealing.
Carabin Road work completed.
Rain Event



Year in Review

June 2017 cont...

Council approves Wandering Pingelly Emergency Management Recovery Plan.

CRC - Kitchen upgrade completed.

CRC - School Holiday Lego Excursion.

CRC - First Aid Course.

CRC - Men's Health Night.

Well Women's Clinic.



Council Sponsored P&C Curry Night Fundraiser.

Wandering Hotham Declared Species Group (Council sponsors through auspicing Funds) – successful feral pig trapping program.

Year in Review



Shire of Wandering

Year in Review



Strategic Focus One

A Community that is involved and caring

Wandering Shire has continued its commitment to enhancing the livability of the Wandering Community. All events, services and activities encourage a high level of participation and inclusion.

The Shire continues to grow its strong linkages and partnerships with the local community groups and clubs. The ongoing partnership with the Wandering CRC provides a platform for the Wandering Community to be offered a diverse and dynamic social program. Over 80 workshops or events were held this financial year. Council has continued to support and facilitate many clubs and groups over the year, with much support going unnoticed. Council also facilitates the delivery of Women's Health Clinics, Counselling and Occupational Therapy services through the provision of service space out of the Shire Office. Council is keen to see increased services offered and clubs and community organisations continue to grow and develop within the community.

Key Events and Activities offered for the year...

- National story time was held in the library for the 0-6 year old community members
- A Seniors excursion to Araluen Gardens
- Hosted school holidays activities:

July	Movie Morning
October	Movie Morning
December	Kalamunda Water Park excursion
April	Skate Park Party
- After School Sports and Craft
- Sponsored Banners in the Terrace Competition
- Boogie Roos program delivered for young residents



Community Activities / Workshops

- Boot Camp, Tai Chill and Yoga held by qualified instructors offered to the Community at varying times to increase inclusion
- Women's Health Clinic
- Walking Wednesdays
- Book Author Visits
- Grant Writing Workshop
- Town Christmas Lights and Farm Gate Christmas Decoration Competition
- Community BBQ was hosted with over 130 community members attending. The event recognised the amazing effort our Volunteers and Clubs play in the Community.
- The Australia Day Breakfast was a fantastic Morning hosted by the Shire Councillors and is a great opportunity for new residents to meet the Community.
- Sponsorship of community groups, by providing in house services – photocopying, business support, strategic planning and grant application support and facilitation.

Strategic Focus One

Economic & Business Development Support

We employed our fifth Trainee - a wonderful employment opportunity to gain Cert III in Business with experience including reception, administration, community development and finance.

Business After Hours sessions were conducted to support the connections and networks of our small businesses within the Wandering Community.

Community Connections

Provided in kind and financial sponsorship to many clubs and events throughout the year – Wheatbelt Wine Awards, Wandering Boddington Clay Target Club, Wandering Annual Fair, Fox Hunt, miscellaneous sporting groups, Marradong Expo, Wandering Expo and Wandering Primary School

Publish the Wandering Echo

Community Directory

Access to Government Services – Centrelink, Medicare etc.

Digital and traditional library services and toy library

Video Conferencing Facilities

Licensing Access Point

The Shire provides services that support community safety through ensuring that property owners comply with the Bush Fires Act 1954. The Shire provides these services through contract Ranger Services and with the support of the Chief and Deputy Chief Bush fire Control Officer'. The Shire continued to support the Wandering Fire Brigades with administration support and financial management.

The Shire supports two key Emergency Committees who actively have a role in emergency management in the Shire -

1. The Local Emergency Management Committee (LEMC) in partnership with Pingelly under the Emergency Management Act 2005; and
2. The Bush Fire Advisory Committee (BFAC) under the Bush Fires Act 1954

Both committees meet a minimum of biannually and are chaired by the Shire President—Brendan Whitely, both Committees report their activities to council on a regular basis.

The Shire would like to take this opportunity to thanks the tireless efforts of our Emergency Volunteers for the effort and time that they give to the community at risk to them selves. The Shire of Wandering is supported by 4 very active Bush Fire Brigades, who provide sound advice and service in this area.



Strategic Focus Two—Economy

A robust and diverse rural economy

Council is committed to building economic strength within the Shire. It is imperative to the future of the town that there is a strong business community and an increase in rate payers in both the business and residential sectors.

Council has a “buy local” philosophy and is supported by its Purchasing Policy which guides Shire staff in their financial dealings at an operational level.

Council has facilitated and supported the Wandering Annual Fair Committee in its endeavors to set up a “Food Van” to provide takeaway food services to the Community and passing traffic. Council waived the fees and has allocated appropriate land for the van to be set up permanently. This is a fantastic initiative to help harness the potential economic return from the traffic on the Wandering Narrogin Road.

Council undertook a project to increase the capacity of the Wandering Caravan park, install power, water and sullage services at 12 bays. Works also included kerbing, installation of Fire management devices, installation of a fire pit and improved lighting. This work complemented the previous years upgrade of the Ablutions. Council is keen to improve the economic opportunities that come from increased visitation through tourism spin offs from Dryandra National Park and the HWEDA Self Drive Trails.

In 2013 the communities of Boddington, Wandering and Williams came together to form the Hotham Williams Economic Development Alliance (HWEDA). The vision of the Alliance is to:

“Create and promote truly sustainable economic development within the Marradong Country region where our communities, local business and enterprises coexist with our economic drivers being: farming, mining and tourism.”

Thus our activities are focused towards developing sustainable, innovative and strategic alliances with the:

- Farming segment towards enhancing investment, processing and value adding
- Mining segment by providing effective, efficient and competitive support services
- Tourism segment through augmenting a cluster of retail and tourism oriented business

The HWEDA board has been active in establishing a clear economic plan and direction for the region, which will support the application of grants and has helped the Shire focus their efforts on key projects.

The 2 key projects which are underway are – Tourism related self-drive tours and development of a more informative and interactive Marradong website.

Council continues to lobby for increased road funding to support farming and business operations within the Shire, and is especially focused on the Secondary Freight Route initiative, being spearheaded by Regional Development Australia and the North and South Regional Road Groups.

Council was successful in gaining part funding towards the development of Shoppettes, to be developed on the site next to the Wandering Fuel Facility. This funding was awarded through the Wheatbelt Development Commissions Funding rounds—over \$300,000 was requested and \$100,000. was approved, whilst this unfortunately won't support the project progressing at this stage, the potential investment has validated the project and given an increased level of confidence in the project as a whole

Strategic Focus Three—Environment

Development that is in keeping with the rural landscape

Planning is aimed at promoting diversity in residential and commercial developments while continuing to support agricultural land for food production. A number of vacant residential lots are for sale, many in special rural zones that enable residents to maintain small numbers of stock or horses, etc.

Planning and development applications received throughout the year identified the complexity of blending traditional rural development and business with more intensive industrial development. The Shire is well placed to support an Agricultural Industry and with limited opportunities now available on the western coastal plain, it is likely that further applications may be received into the future.

Council is committed to further planning and community consultation in this area in an effort to better position the Shire to harness these opportunities when they present into the future.

Council continues to facilitate a number of rural environmental services including feral pig eradication, removal of noxious weeds, used chemical container musters, septic tank inspections and removal of abandoned vehicles.

This year Council has undertaken the purchase of Cat Traps and is keen to work with the Community and the Department of Parks and Wildlife in the protection of the marsupials of Dryandra through decreasing feral cat numbers in the Shire.



Strategic Focus Four—Infrastructure & Services

Infrastructure and services that is well-planned and delivered

Council continues to provide services to the community that it otherwise wouldn't have access to – Australia Post Services, 24/7 Fuel Facilities and Vehicle Licensing Services. Council is committed to enabling Wandering residents to have access to services that other communities take for granted.

Australia Post banking services have been a hit and are utilised and valued by the Community. The impost on Council Staff is significant, however it is very encouraging to see the Community use the service to such a degree. A number of our local clubs and business's bank with us and this helps to raise our commission received.

A special mention must again go out to our Bush Fire Brigade Volunteers. It was a reasonably busy year, with a few local fires as well as the requirement to provide support and response to the Waroona/Harvey fire. Members also donated time and effort to get the stand pipe trailer restored and restocked, adding increased capacity to access water in an emergency.

Extra Special thanks go out to Shaun Brand and Wandering Smash Repairs, for the donation of the painting of the trailer. This looks fantastic and we appreciate the donation very much. Council received approximately \$25,000



in funding to help support Bush Fire Brigade Services in the Shire, when the actual costs are over \$50,000, so donations like this are very much appreciated.

Council continued to work with WA Contract Ranger Services to help out with animal control, abandoned vehicles, bush fire infringements and off road vehicle concerns. WA Ranger Services provide a fantastic rehoming program that tries where possible to re home all surrendered or abandoned animals with an appropriate temperament.

2016/17 key budget outcomes included:

- Tree Pruning on North Wandering Road – Year 2 of the 3 year program was carried out.
- Sealing and construction of 5kms of York Williams Road— two thirds of the funding for this program was received from Regional Road Group . Council will continue to apply for funds to complete the sealing of this road into the future.
- Upgrade and realignment of North Bannister Wandering and Ricks Road intersection—funded two thirds by State Black Spot Funding
- Sealing, clearing and concrete stabilisation of 2kms of North Bannister Wandering Road.

Strategic Focus Four

- Resheeting, Clearing and drainage Improvements to Carabin Road
- Maintenance grading and general road works were carried out as budgeted.
- Codjatotine Bridge Upgrade
- Mooterdine Loop Bridge replacement

Further Council Projects undertaken during the year

- Caravan Park—installation of bay power, water and sullage. kerbing, lighting and tree planting - funded by Newmont Boddington Gold
- CRC Kitchen Upgrade—funded by multiple Grants and the Department of Regional Development
- Repairs undertaken post storm damage received in January 2017 – New flooring and carpets in the Office and Chambers, painting to water damaged walls.
- Upgrade of minor plant and equipment—trade in of Isuzu dual cab tipper, trade in of Caprice and Toyota Hilux dual cab and side tipper trailer repaired and resprayed,.
- Minor asset management improvements undertaken at Shire housing.



Strategic Focus Five

A strong and effective organisation

The Shire Administration and Finance team delivered a sound financial audit on time and well within the statutory requirements. We continue to be one of the first Councils to submit their annuals within the required statutory timeframes. The Annual Electors Meeting was held in November for the second year running, keeping the information relevant. The Wandering Community values the Annual Electors Meetings and continues to have a strong following attending the meetings each year.

Our focus for the year was to decrease expenditure where possible without compromising service delivery and quality. We achieved this in a number of areas and were able to commit funds to areas where funding was limited. We have been able to complete a summer and winter grade this year and contributed council funds to resurfacing a number of bridges on the Wandering Pingelly Road.

Our finance Manager, Druga Ojha and family left the Shire for vaster horizons at the Shire of Mingenew. Council has utilised this loss/opportunity to review the need for a full time manager in this area. Staff have worked well to cover many of the roles that have been traditionally covered by the Finance Manager position. Going forward a resource sharing arrangement is being considered with the Shire of Williams, that is hoped to deliver the senior finance services required by the Shire. This arrangement enables council to secure high level finance services in an affordable arrangement that may not be achievable on its own.

Council have been very committed to delivering sound fiscal management throughout the year and the individual Councillors have donated considerable time to partaking in training and workshops to review expenditure, plan the budget and understand the inner workings of the Shire. The Wandering Community is considerably fortunate to have a committed team of Community representatives who do not take any remuneration for their time and effort and donate their services to ensure greater outcomes for the Wandering Community.

The Shire of Wandering remains an active participant in Zone business and local government policy development. Council continues to contribute to the Central Country Zone with a financial contribution to support the secretariat to ensure appropriate advice and support to lobby and feed local issues up to the State Council.

We had 2 Councillors, Cr Jim McNeil and Cr Kim Stripe resign during the early part of 2016, an extraordinary election was called. Two nominations were received for the two vacancies and Max Watts and Graeme Parsons were elected unopposed and were sworn into Council at the August 2016 Council Meeting.

- Graeme Parsons term 3 years expires 2019
- Max Watts term one (1) year expires 2017

The Shire would like to take this opportunity to thank Cr McNeil for his commitment and service over the many years he was a Councillor. Kim unfortunately left the Shire and hence was on council for less than a year, we wish her all the very best for the future.

Statutory Compliance

1. National Competition Policy

In accordance with statutory requirements set down in the National Competition Policy legislation, outlined below is a report on the Shire of Wandering's compliance with such policy:

Competitive Neutrality

Local governments are required to apply the principle of competitive neutrality to all business activities generating user—pays income in excess of \$200,000. The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Annual reports must show that a public benefit test has been conducted for all significant business activities to determine if competitive neutrality is in the public interest. Council carried out a comprehensive study of the businesses it operates—fuel facility and Australia Post services which demonstrated that the Public gain reduced any competitive advantage. The circumstances have not changed since the study was undertaken, therefore the results are continued to be considered valid. No complaints were received during 2016/17 in relation to anti-competitive practices.

Legislative Review

Council has undertaken a review of local laws previous to this financial year and none were found to restrict competition in anyway, no new local laws were adopted in 2016/17 and thus no obligation exists to conduct a further review to eliminate any anti-competitive provisions.

2. Local Government Act Compliance

General Compliance

Council undertakes a review of its overall compliance with the *Local Government Act 1995* each year as required by the Department of Local Government.

Council undertook its annual compliance review in January 2016 and an audited governance policies and procedures review, this incorporated the Local government (Audit) Regulations 1996 Regulation 17 statutory requirements.

The appropriateness and effectiveness of financial management systems must be reviewed every four years. This review was undertaken in December 2015.

The review was carried out by Butler Settineri Audit firm. The audit found that the Shire's financial management framework is generally in good order and in particular, they found that all major controls in relation to financial controls for the receipting of monies, safeguarding of assets and control over expenditure are in place and functional.

The Audit stated that any findings were rated medium or low, which generally indicates a good system of internal control.

Statutory Compliance

Strategic Planning

The Local government Administration Regulations 1996 were amended in 2011 to require each local government to adopt an Integrated Strategic Plan by July 2013. The Shire of Wandering completed its integrated planning framework during 2012/13 which according to the regulations included

- A Strategic Community Plan;
- A Corporate Business Plan;
- Long Term Financial Plan;
- Asset Management Plan; and
- Workforce Management Plan

2016/17 requires council to commence a review of the plans and this has commenced with Community Consultation underway.

Register of Complaints

The Local Government Act 1995 s5.121 requires the Complaints Officer of the Local Government to maintain a register of Complaints which records all complaints that result in an action under the Local Government Act s5.121 (6)(b) or (c). No complaints or Breaches were registered in 2016/17

Other legislative Compliance

Freedom of Information

The Shire of Wandering has developed a Freedom of Information Statement in accordance with section 94 of the *Freedom of Information Act 1992*. A copy of this statement – which details the process to follow when making an application for information – may be obtained from either the Shire administration office or downloaded from the Shire website. During 2016/17, no applications were received.

Public Interest Disclosure

The *Public Interest Disclosure Act 2003* enables persons to make disclosures about wrong doings in the public sector, including local government. The *Act* provides for protection to persons who make disclosures that may result in a proper authority exercising its existing powers to investigate and take action in relation to the subject matter of the disclosure. No investigations of this nature were undertaken in 2016/17

Record Keeping

The Shire of Wandering is committed to good record-keeping practices and strives to comply with required legislation, including the *State Records Act 2000*. Its record-keeping system ensures all information created and received by the Shire is captured and maintained as evidence of its business transactions.

Council is currently undertaking a review of its record keeping plan, which is required by the State Records Commission every 5 years.

The Plan incorporates all current record keeping responsibilities the Shire of Wandering complies with including processes that have been implemented since the last approved Record Keeping Plan was submitted in 2010.

Statutory Compliance

The 2014 Probity Audit identified that the Shire of Wandering needed to identify a more thorough approach to its record keeping compliance and that regular internal record keeping training needs to occur across the organisation.

The Shire is working on including a mandatory Record Keeping Induction in the Shires Induction process and will ensure that training and the induction occurs within the first week of employment. It is also proposed to ensure that standards are maintained that a refresher course be undertaken on an employee's anniversary date. The Shire of Wandering utilises the use of offsite storage facilities ensuring long term preservation of their Government Records.

Disability Access and Inclusion

The current plan for 2014 – 2018 was adopted by Council in June 2014 and focuses on reflecting the aspirations of both Council and the local community. A copy of the plan is available from the Shire website or from the Shire Office in a variety of formats.

Council has continued to make progress in making its facilities and services more accessible and inclusive through the implementation of its Disability Access and Inclusion Plan (DAIP).

Council is working to disseminate information throughout a wide range of mediums and is committed to ensuring that essential material is distributed through the following avenues:

- Notice Boards
- Website
- Wandering Echo
- Email
- SMS
- Mail out

Council is committed to engaging all facets of the community and can demonstrate through the depth of events and activities that opportunities for engagement are offered to all facets of the community, with activities catering for a wide range of tastes and preferences.

Council has undertaken projects that have significantly improved disabled access and inclusion around the town. This includes new and improved disabled access to the Wandering CRC, improved footpath facilities around town, with improvements to ramps and inclines undertaken. Seating has been installed on key footpaths to better support people wishing to explore the town. Paving was undertaken at the Community Centre, which has improved access and limited potential for falls or wet boggy access. The Construction of a disabled toilet and shower facility was completed at the caravan park which increases the level of amenity offered to visitors to the Park and the Wandering Annual Fair and other events.

Employee Remuneration

There is only one employee entitled to an annual salary of \$100,000 or more, as shown below:

\$110,000 - \$119,999 – 0

\$120,000 - \$129,999 – 0

\$130,000 - \$139,999 – 0

\$140,000 - \$149,000 – 1

Financial & Auditor Reports

SHIRE OF WANDERING

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:

22 Watts St

Wandering 6308

Shire of Wandering

Financial & Auditor Reports

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

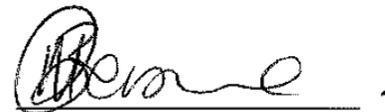
Signed as authorisation of issue on the

14

day of

September

2017



Monica Treasure

Acting Chief Executive Officer

Shire of Wandering

Financial & Auditor Reports

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	873,876	865,641	777,930
Operating grants, subsidies and contributions	30	1,107,511	841,613	552,950
Fees and charges	29	860,017	866,945	574,145
Interest earnings	2(a)	10,584	14,094	12,143
Other revenue	2(a)	<u>43,285</u>	<u>17,500</u>	<u>123,383</u>
		2,695,273	2,405,793	2,040,551
Expenses				
Employee costs		(640,634)	(806,232)	(731,123)
Materials and contracts		(1,047,792)	(1,139,609)	(941,913)
Utility charges		(44,228)	(43,702)	(56,276)
Depreciation on non-current assets	2(a)	(693,069)	(703,844)	(849,519)
Interest expenses	2(a)	(8,644)	(8,005)	(6,847)
Insurance expenses		(112,383)	(107,155)	(103,393)
Other expenditure		<u>(5,411)</u>	<u>0</u>	<u>(4,208)</u>
		<u>(2,552,161)</u>	<u>(2,808,547)</u>	<u>(2,693,279)</u>
		143,112	(402,754)	(652,728)
Non-operating grants, subsidies and contributions	30	900,981	923,060	1,199,960
Profit on asset disposals	21	0	0	41
(Loss) on asset disposals	21	<u>(54,243)</u>	<u>(123,662)</u>	<u>(38,126)</u>
Net result		989,850	396,644	509,148
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	<u>(1,660,450)</u>	<u>0</u>	<u>39,119,989</u>
Total other comprehensive income		(1,660,450)	0	39,119,989
Total comprehensive income		<u>(670,601)</u>	<u>396,644</u>	<u>39,629,137</u>

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

Shire of Wandering

Financial & Auditor Reports

SHIRE OF WANDERING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017	2017	2016
		\$	Budget	\$
			\$	
Revenue	2(a)			
Governance		2,016	0	444
General purpose funding		1,759,109	1,566,350	1,025,767
Law, order, public safety		44,404	29,045	50,243
Health		1,912	1,000	239
Housing		36,536	39,864	34,216
Community amenities		44,757	50,450	43,960
Recreation and culture		1,097	3,200	18,214
Transport		1,102	2,500	2,867
Economic services		742,964	682,435	757,387
Other property and services		61,377	30,950	107,215
		<u>2,695,273</u>	<u>2,405,794</u>	<u>2,040,552</u>
Expenses	2(a)			
Governance		(175,965)	(193,488)	(109,139)
General purpose funding		(80,943)	(94,645)	(59,731)
Law, order, public safety		(152,671)	(163,568)	(121,768)
Health		(34,209)	(32,702)	(29,172)
Education and welfare		(1,632)	(4,124)	(7,465)
Housing		(39,258)	(31,582)	(48,822)
Community amenities		(196,754)	(243,536)	(159,966)
Recreation and culture		(158,943)	(172,706)	(187,519)
Transport		(788,226)	(898,462)	(1,124,780)
Economic services		(941,937)	(954,800)	(740,297)
Other property and services		27,020	(12,129)	(97,773)
		<u>(2,543,518)</u>	<u>(2,801,742)</u>	<u>(2,686,432)</u>

Shire of Wandering

Financial & Auditor Reports

Finance costs	2(a)			
Housing		<u>(8,644)</u>	<u>(6,805)</u>	<u>(6,847)</u>
		<u>(8,644)</u>	<u>(6,805)</u>	<u>(6,847)</u>
		143,111	(402,753)	(652,727)
Non-operating grants, subsidies and contributions	30	900,981	923,060	1,199,960
Profit on disposal of assets	21	0	0	41
(Loss) on disposal of assets	21	<u>(54,243)</u>	<u>(123,662)</u>	<u>(38,126)</u>
Net result		989,849	396,646	509,148
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	<u>(1,660,450)</u>	<u>0</u>	<u>39,119,989</u>
Total other comprehensive income		(1,660,450)	0	39,119,989
Total comprehensive income		<u>(670,601)</u>	<u>396,646</u>	<u>39,629,137</u>

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

Shire of Wandering

Financial & Auditor Reports

SHIRE OF WANDERING
STATEMENT OF FINANCIAL POSITION AS
AT 30TH JUNE 2017

CURRENT ASSETS

Cash and cash equivalents	3	566,178	382,142
Trade and other receivables	4	139,142	204,045
Inventories	5	42,975	42,420
TOTAL CURRENT ASSETS		<u>748,295</u>	<u>628,607</u>

NON-CURRENT ASSETS

inventories	6	485,000	485,000
Property, plant and equipment	6	5,986,943	6,625,480
Infrastructure	7	52,622,283	52,959,643
TOTAL NON-CURRENT ASSETS		<u>59,094,226</u>	<u>60,070,123</u>

TOTAL ASSETS

59,842,521 60,698,730

CURRENT LIABILITIES

Trade and other payables	8	51,751	156,145
Current portion of long term borrowings	9	69,957	68,247
Provisions	10	105,115	116,737
TOTAL CURRENT LIABILITIES		<u>226,823</u>	<u>341,129</u>

NON-CURRENT LIABILITIES

Long term borrowings	9	145,217	215,174
Provisions	10	13,961	15,309
TOTAL NON-CURRENT LIABILITIES		<u>159,178</u>	<u>230,483</u>

TOTAL LIABILITIES

386,001 571,612

NET ASSETS

59,456,519 60,127,118

EQUITY

Retained surplus		18,558,343	17,505,732
Reserves - cash backed	12	283,702	346,465
Revaluation surplus	13	40,614,472	42,274,922
TOTAL EQUITY		<u>59,456,519</u>	<u>60,127,117</u>

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

Shire of Wandering

Financial & Auditor Reports

SHIRE OF WANDERING
STATEMENT OF CHANGES IN EQUITY FOR THE
YEAR ENDED 30TH JUNE 2017

	NOTE	RESERVES			TOTAL EQUITY
		RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	
		\$	\$	\$	\$
Balance as at 1 July 2015		16,981,279	361,770	3,154,933	20,497,982
Comprehensive income					
Net result		509,148	0	0	509,148
Changes on revaluation of assets	13	0	0	39,119,989	39,119,989
Total comprehensive income		509,148	0	39,119,989	39,629,137
Transfers from/(to) reserves		15,305	(15,305)	0	0
Balance as at 30 June 2016		17,505,732	346,465	42,274,922	60,127,119
Comprehensive income					
Net result		989,849	0	0	989,849
Changes on revaluation of assets	13	0	0	(1,660,450)	(1,660,450)
Total comprehensive income		989,849	0	(1,660,450)	(670,601)
Transfers from/(to) reserves		62,763	(62,763)	0	0
Balance as at 30 June 2017		<u>18,558,343</u>	<u>283,702</u>	<u>40,614,472</u>	<u>59,456,519</u>

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

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SHIRE OF WANDERING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual	2017 Budget	2016 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		859,589	860,841	773,399
Operating grants, subsidies and contributions		1,189,442	1,003,374	530,878
Fees and charges		660,017	666,945	574,146
Interest earnings		10,584	14,094	12,143
Goods and services tax		(3,991)	0	0
Other revenue		43,285	17,500	123,383
		<u>2,758,926</u>	<u>2,562,554</u>	<u>2,013,949</u>
Payments				
Employee costs		(677,881)	(845,568)	(762,830)
Materials and contracts		(1,128,464)	(1,191,259)	(1,131,208)
Utility charges		(44,228)	(43,702)	(56,276)
Interest expenses		(8,844)	(8,005)	(6,847)
Insurance expenses		(112,383)	(107,155)	(103,393)
Goods and services tax		0	0	32,805
Other expenditure		(5,411)	0	(4,208)
		<u>(1,977,011)</u>	<u>(2,195,689)</u>	<u>(2,031,957)</u>
Net cash provided by (used in)				
operating activities	14(b)	781,915	366,864	(18,008)

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CASH FLOWS FROM INVESTING ACTIVITIES

Payments for purchase of property, plant & equipment	(272,494)	(333,149)	(173,422)
Payments for construction of infrastructure	(1,292,239)	(1,338,714)	(1,385,362)
Non-operating grants, subsidies and contributions	800,981	923,060	1,198,860
Proceeds from sale of fixed assets	132,868	254,360	49,534
Net cash provided by (used in)			
investment activities	(530,884)	(494,443)	(309,290)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of debentures	(68,247)	(68,247)	(47,560)
Proceeds from self supporting loans	1,250	1,250	1,250
Net cash provided by (used in)			
financing activities	(66,997)	(66,997)	(46,310)
Net increase (decrease) in cash held	184,034	(194,576)	(373,608)
Cash at beginning of year	382,142	382,143	755,750
Cash and cash equivalents			
at the end of the year	14(a) 566,180	187,567	382,142

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

Shire of Wandering

Financial & Auditor Reports

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

NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)	<u>47,739</u>	<u>47,733</u>	<u>211,284</u>
	47,739	47,733	211,284
Revenue from operating activities (excluding rates)			
Governance	2,016	0	444
General purpose funding	887,726	703,202	250,167
Law, order, public safety	44,404	29,045	50,243
Health	1,912	1,000	239
Housing	36,536	39,864	34,216
Community amenities	44,757	50,450	43,960
Recreation and culture	1,097	3,200	18,214
Transport	1,102	2,500	2,867
Economic services	742,964	682,435	757,387
Other property and services	<u>61,377</u>	<u>30,950</u>	<u>107,256</u>
	1,823,891	1,542,646	1,264,993
Expenditure from operating activities			
Governance	(175,965)	(193,488)	(109,139)
General purpose funding	(80,943)	(94,645)	(59,731)
Law, order, public safety	(152,671)	(163,568)	(121,768)
Health	(34,209)	(32,702)	(29,172)
Education and welfare	(1,632)	(4,124)	(7,465)
Housing	(47,902)	(62,644)	(55,669)
Community amenities	(196,754)	(243,536)	(159,966)
Recreation and culture	(158,943)	(172,706)	(187,519)
Transport	(802,851)	(982,367)	(1,144,444)
Economic services	(942,801)	(954,800)	(740,297)
Other property and services	<u>(12,597)</u>	<u>(27,629)</u>	<u>(135,899)</u>
	(2,607,268)	(2,932,209)	(2,751,069)

Shire of Wandering

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Operating activities excluded from budget

(Profit) on disposal of assets	21	0	0	(41)
Loss on disposal of assets	21	54,243	123,662	38,126
Movement in employee benefit provisions (non-current)		(1,348)	0	(379)
Depreciation and amortisation on assets	2(a)	693,069	703,844	849,519
Amount attributable to operating activities		10,326	(514,324)	(387,567)

INVESTING ACTIVITIES

Non-operating grants, subsidies and contributions		900,981	923,060	1,199,960
Proceeds from disposal of assets	21	132,868	254,360	49,534
Purchase of property, plant and equipment	6(b)	(272,494)	(333,149)	(173,421)
Purchase and construction of infrastructure	7(b)	(1,292,239)	(1,338,714)	(1,385,362)
Amount attributable to investing activities		(530,864)	(494,443)	(309,289)

FINANCING ACTIVITIES

Repayment of debentures	22(a)	(68,247)	(68,247)	(47,560)
Proceeds from self supporting loans		1,250	1,250	1,250
Transfers to reserves (restricted assets)	12	(3,470)	(2,316)	(4,695)
Transfers from reserves (restricted assets)	12	66,233	200,000	20,000
Amount attributable to financing activities		(4,234)	130,687	(31,005)

Surplus(deficiency) before general rates		<u>(524,793)</u>	<u>(878,080)</u>	<u>(727,861)</u>
Total amount raised from general rates	23	<u>871,383</u>	<u>863,148</u>	<u>775,600</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u>346,590</u>	<u>(14,932)</u>	<u>47,739</u>

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

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.

(b) 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.

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) 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.

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) 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.

(l) Provisions

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

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

(m) Leases

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

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

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

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

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

Financial & Auditor Reports

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

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

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

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

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

(o) 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(c) for a description of the equity method of accounting.

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

(p) Rates, Grants, Donations and Other Contributions

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

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(t) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(u) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (Incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

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

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

[AASB 10, 124 & 1049]

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

Shire of Wandering

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

2. REVENUE AND EXPENSES	2017	2016	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
Audit of the Annual Financial Report	12,070	6,600	
Financial management Review	0	4,500	
Disbursement	2,618	1,408	
Grants Acquittals audit	800	1,500	
Depreciation			
Buildings - non-specialised	45,807	54,196	
Buildings - specialised	52,262	61,114	
Furniture and equipment	13,160	30,833	
Plant and equipment	112,860	172,184	
Infrastructure - Roads & Bridges	399,415	482,978	
Infrastructure - Footpaths	3,319	4,632	
Infrastructure - Recreations	41,241	22,619	
Infrastructure - Other	20,963	20,963	
Infrastructure - Drainage	4,041	0	
	<u>693,069</u>	<u>849,519</u>	
Interest expenses (finance costs)			
Debentures (refer Note 22 (a))	8,644	6,847	
	<u>8,644</u>	<u>6,847</u>	
Rental charges			
- Operating leases	0	0	
	<u>0</u>	<u>0</u>	
(ii) Crediting as revenue:			
Significant revenue			
Early Payment of Federal Assistance Grats	255,521	0	
Two instances of roads flood damage occurred at the shire and total claims of \$2,055,779 were submitted to WANDRRA. The claim amounts are expected to receive by the end of financial year 2016/19. Associated expenses for the flood damage is budgeted for financial year 2017/18.			
Other revenue			
Other	43,285	123,383	
	<u>43,285</u>	<u>123,383</u>	
	2017	2017	2016
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	3,470	5,000	4,694
- Other funds	719	3,910	2,562
Other Interest revenue (refer note 28)	6,394	5,164	4,887
	<u>10,584</u>	<u>14,094</u>	<u>12,143</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

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LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

Animal control, bushfire control and public safety

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain a high quality of housing for staff and prospective residents

Activities:

Provision and maintenance of staff and other housing.

Financial & Auditor Reports

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

can be found at Supplementary Ratio Information on Page of this document.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ** 1/07/15	Received ** 2015/16	Expended ** 2015/16	Closing Balance ** 30/06/16	Received ** 2016/17	Expended ** 2016/17	Closing Balance 30/06/17
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
2011/12 CLGF - Regional	2,874		(2,874)	0			0
2012/13 CLGF - Individual	75,000		(75,000)	0			0
Wheatbelt Development Commission Grants	18,248		(18,248)	0			0
Community amenities							
Dept of Agriculture - Feral Pig Grants	5,203		(5,203)	0			0
Transport							
Special Grants- Bridges	120,690	0	(120,690)	0	137,750	(37,750)	100,000
Economic services							
Trainee & community development Gran	0	0	0	0	38,750	0	33,750
Wheatbelt Development Commission Grants	63,000		(45,907)	7,093		(7,093)	0
Total	275,015	0	(267,922)	7,093	171,500	(44,943)	133,750

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.

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SHIRE OF WANDERING

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017	2016
		\$	\$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		148,726	28,584
Restricted		417,452	353,558
		<u>566,178</u>	<u>382,142</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Reserves cash backed - Plant Replacement Reserve	12	204,757	268,302
Reserves cash backed - Land & Building Reserve	12	5,440	5,386
Reserves cash backed - Leave Reserve	12	38,864	38,479
Reserves cash backed - Office Equipment Reserve	12	34,642	34,298
Unspent grants	2(c)	<u>133,750</u>	<u>7,093</u>
		<u>417,453</u>	<u>353,558</u>

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

	2017	2016
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	34,914	20,627
Sundry debtors	79,830	161,761
GST receivable	24,398	20,407
Loans receivable - clubs/institutions	0	1,250
	<u>139,142</u>	<u>204,045</u>
Non-current		
	<u>0</u>	<u>0</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding	<u>34,914</u>	<u>20,627</u>
Sundry debtors	<u>79,830</u>	<u>161,761</u>

5. INVENTORIES

Current		
Fuel & Oil	39,305	38,750
History Books	3,670	3,670
	<u>42,975</u>	<u>42,420</u>
Non-current		
Land held for resale - cost	485,000	485,000
Cost of acquisition	0	0
Development costs	0	0
	<u>485,000</u>	<u>485,000</u>

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**SHIRE OF WANDERING
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6 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings

- Independent valuation 2015 - level 2	0	688,000
- Independent valuation 2017- level 3	599,000	0
	599,000	688,000
	599,000	688,000

Buildings - non-specialised at:

- Independent valuation 2015- level 2	0	1,938,000
- Independent valuation 2017 - level 3	1,668,000	0
- Additions after valuation - cost	0	7,443
Buildings - non-specialised - Less: accumulated depreciation	0	(54,196)
	1,668,000	1,891,247

Buildings - specialised at:

- Independent valuation 2015 - level 3	0	2,124,050
- Independent valuation 2017 - level 3	1,913,500	0
- Additions after valuation - cost	0	49,211

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Buildings - specialised - Less: accumulated depreciation	0	(61,114)
	1,913,500	2,112,147
	<u>3,581,500</u>	<u>4,003,394</u>
Total land and buildings	<u>4,180,500</u>	<u>4,691,394</u>
Furniture and equipment at:		
- Management valuation 2016 - level 2	0	63,869
- Management valuation 2017 - level 2	63,869	0
Furniture and equipment - Less: accumulated depreciation	<u>(13,160)</u>	<u>0</u>
	50,709	63,869
Plant and equipment at:		
- Independent valuation 2016 - level 2	0	1,987,907
- Management valuation 2017 - level 2	1,866,594	0
- Additions after valuation - cost	0	2,310
Plant and equipment - Less: accumulated depreciation	<u>(112,860)</u>	<u>0</u>
	1,755,734	1,870,217
	<u>5,986,943</u>	<u>6,625,490</u>

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

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Losses)/ Reversals Through to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Depreciation on Disposal	Transfers	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	688,000	0	0	(89,000)	0	0	0	0	0	599,000
Total land	688,000	0	0	(89,000)	0	0	0	0	0	599,000
Buildings - non-specialised	1,891,247	0	0	(177,440)	0	0	(45,807)			1,668,000
Buildings - specialised	2,112,147	87,005	0	(233,390)	0	0	(52,262)			1,913,500
Total buildings	4,003,394	87,005	0	(410,830)	0	0	(98,069)	0	0	3,581,500
Total land and buildings	4,691,394	87,005	0	(499,830)	0	0	(98,069)	0	0	4,180,500
Furniture and equipment	63,869	0	0	0	0	0	(13,160)			50,709
Plant and equipment	1,870,217	185,488	(197,602)		0	0	(112,860)	10,491		1,755,734
Total property, plant and equipment	6,625,480	272,494	(197,602)	(499,830)	0	0	(224,089)	10,491	0	5,985,943

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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold land	Level 3	Independent Valuation	Replacement Cost	June 2017	Unobservable inputs for assets or liabilities
Buildings - non-specialised	Level 3	Independent Valuation	Replacement Cost	June 2017	Unobservable inputs for assets or liabilities
Buildings - specialised	Level 3	Independent Valuation	Replacement Cost	June 2017	Unobservable inputs for assets or liabilities
Furniture and equipment					
	Level 2	Management Valuation	Current Market Price	June 2016	Inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly
Plant and equipment					
- Independent valuation 2016	Level 2	Independent Valuation	Current Market Price	June 2016	Inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly

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.

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	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads & Bridges		
- Management valuation 2016 - level 3	0	50,705,909
- Management valuation 2017 - level 3	49,396,411	0
- Additions after valuation - cost	1,265,802	0
Infrastructure - Roads - Less: accumulated depreciation	<u>(399,415)</u>	<u>0</u>
	50,262,798	50,705,909
Infrastructure - Footpaths		
- Management valuation 2016 - level 3	0	121,755
- Management valuation 2017 - level 3	121,755	0
Infrastructure - User defined 2 - Less: accumulated depreciation	<u>(3,319)</u>	<u>0</u>
	118,436	121,755
Infrastructure - Recreations		
- Independent valuation 2015 - level 3	0	1,326,500
- Independent valuation 2017 - level 3	1,267,700	0
Infrastructure - User defined 3 - Less: accumulated depreciation	<u>0</u>	<u>(22,619)</u>
	1,267,700	1,303,881
Infrastructure - Other		
- Independent valuation 2015 - level 2	647,100	532,400
- Additions after valuation - cost	26,437	12,808
Infrastructure - User defined 4 - Less: accumulated depreciation	<u>0</u>	<u>(20,963)</u>
	673,537	524,245
Infrastructure - Dainage		
- Management valuation 2016 - level 3	0	303,853
- Management valuation 2017 - level 3	303,853	0
Infrastructure - User defined 5 - Less: accumulated depreciation	<u>(4,041)</u>	<u>0</u>
	299,812	303,853
	<u>52,622,283</u>	<u>52,959,643</u>

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

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads & Bridges	50,705,909	1,285,802	0	0	0	(1,309,488)	(389,415)	0	50,262,798
Infrastructure - Footpaths	121,755	0	0	0	0	0	(3,319)	0	118,436
Infrastructure - Recreations	1,303,881	0	0	5,061	0	0	(41,241)	0	1,267,700
Infrastructure - Other	524,245	26,437	0	143,818	0	0	(20,863)	0	673,537
Infrastructure - Damage	303,853	0	0	0	0	0	(4,041)	0	299,812
Total infrastructure	52,959,843	1,292,239	0	148,878	0	(1,309,488)	(468,979)	0	52,622,283

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads & Bridges	Level 3	Independent Management Valuation	Replacement Cost	June 2016	Unobservable inputs for assets or liabilities
Infrastructure - Footpaths	Level 3	Independent Management Valuation	Replacement Cost	June 2016	Unobservable inputs for assets or liabilities
Infrastructure - Recreations	Level 3	Independent Management Valuation	Replacement Cost	30/06/2017	Unobservable inputs for assets or liabilities
Infrastructure - Other	Level 3	Independent Management Valuation	Replacement Cost	30/06/2017	Unobservable inputs for assets or liabilities
Infrastructure - Damage	Level 3	Independent Management Valuation	Replacement Cost	30/06/2016	Unobservable inputs for assets or liabilities

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.

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	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	1,713	85,829
ATO liabilities	23,796	48,073
Accrued expenses	26,242	22,243
	<u>51,751</u>	<u>156,145</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by floating charge		
Debentures	69,957	68,247
	<u>69,957</u>	<u>68,247</u>
Non-current		
Secured by floating charge		
Debentures	145,217	215,174
	<u>145,217</u>	<u>215,174</u>

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	44,399	72,338	116,737
Non-current provisions	0	15,309	15,309
	<u>44,399</u>	<u>87,647</u>	<u>132,046</u>
Additional provision	8,971	(21,941)	(12,970)
Balance at 30 June 2017	<u>53,370</u>	<u>65,706</u>	<u>119,076</u>
Comprises			
Current	53,370	51,745	105,115
Non-current	0	13,961	13,961
	<u>53,370</u>	<u>65,706</u>	<u>119,076</u>

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FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017	Actual 2017	Actual 2017	Budget 2017	Budget 2017	Budget 2017	Budget 2017	Actual 2016	Actual 2016	Actual 2016	Actual 2016
	Opening Balance	Transfer to (from)	Closing Balance	Opening Balance	Transfer to (from)	Closing Balance	Transfer to (from)	Opening Balance	Transfer to (from)	Closing Balance	Actual 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves cash backed - Plant Replacement Reserve	268,302	2,687	268,302	268,302	1,366	69,668	-200,000	204,827	3,475	0	268,302
Reserves cash backed - Land & Building Reserve	5,386	54	5,440	5,386	50	5,436	0	5,316	70	0	5,386
Reserves cash backed - Leave Reserve	38,479	385	38,864	38,479	500	38,979	0	57,773	706	-20,000	38,479
Reserves cash backed - Office Equipment Reserve	34,298	344	34,642	34,298	400	34,698	0	33,864	444	0	34,298
	346,465	3,470	283,702	346,465	2,316	148,781	(200,000)	381,770	4,695	(20,000)	346,465

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.

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

12. RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Plant Replacement Reserve	30/06/2019	In order to purchase plant & equipment
Reserves cash backed - Land & Building Reserve	30/06/2025	In order to replace land & building
Reserves cash backed - Leave Reserve	On going	In order to pay long service and annual leave entitlements
Reserves cash backed - Office Equipment Reserve	30/06/2021	In order to replace Office Equipment

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

13. REVALUATION SURPLUS

	30/06/2017		30/06/2017		30/06/2016		30/06/2016		30/06/2016	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets Revaluation Reserve	1,500,773	0	(89,000)	(89,000)	1,511,773	1,600,773	0	0	0	1,600,773
Revaluation surplus - Free hold land	(287,434)	0	0	0	(287,434)	(287,434)	0	0	0	(287,434)
Revaluation surplus - Buildings - non-specialised	693,156	0	(177,440)	(177,440)	515,716	693,156	0	0	0	693,156
Revaluation surplus - Buildings - specialised	760,977	0	(233,300)	(233,300)	527,587	760,977	0	0	0	760,977
Revaluation surplus - Furniture and equipment	0	0	0	0	0	0	0	0	0	0
Revaluation surplus - Plant and equipment	0	0	0	0	0	0	0	0	0	0
Revaluation surplus - Infrastructure - Recreation	10,581	5,061	0	5,061	15,642	221,998	0	(210,817)	(210,817)	10,581
Revaluation surplus - Infrastructure - Other	166,063	143,818	0	143,818	309,881	166,063	0	0	0	166,063
Revaluation surplus - Infrastructure - Recreation	0	0	0	0	0	0	0	0	0	0
Revaluation surplus - Roads & Bridges	39,083,773	0	(1,309,498)	(1,309,498)	37,774,275	0	39,083,773	0	39,083,773	39,083,773
Revaluation surplus - Infrastructure - Footpaths	(56,820)	0	0	0	(56,820)	0	0	(56,820)	(56,820)	(56,820)
Revaluation surplus - Infrastructure - Drainage	303,853	0	0	0	303,853	0	303,853	0	303,853	303,853
	42,274,822	148,878	(1,809,328)	(1,660,450)	40,614,472	3,154,933	39,387,626	(267,637)	39,119,989	42,274,922

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class

as provided for by AASB 116 Aus 40.1.

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14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017 Budget	2016
	\$	\$	\$
Cash and cash equivalents	566,178	187,567	382,142

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

Net result	989,850	396,844	508,148
Non-cash flows in Net result:			
Depreciation	698,069	703,844	849,519
(Profit)/Loss on sale of asset	54,243	123,662	36,085
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	83,653	156,761	6,202
(Increase)/Decrease in inventories	(555)		(3,953)
Increase/(Decrease) in payables	(104,394)	(99,723)	(224,283)
Increase/(Decrease) in provisions	(12,970)	8,737	7,235
Grants contributions for			
the development of assets	(900,981)	(923,060)	(1,199,960)
Net cash from operating activities	781,915	366,865	(18,008)

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	2017	2016
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	<u>0</u>	<u>0</u>
Total amount of credit unused	<u>220,000</u>	<u>220,000</u>
Loan facilities		
Loan facilities - current	69,957	68,247
Loan facilities - non-current	<u>145,217</u>	<u>215,174</u>
Total facilities in use at balance date	<u>215,174</u>	<u>283,421</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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15. CONTINGENT LIABILITIES

There were no known contingent liabilities as at 30 June 2017

16. CAPITAL AND LEASING COMMITMENTS

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

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

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SHIRE OF WANDERING
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17. JOINT VENTURE ARRANGEMENTS

The Shire did not involve in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
General purpose funding	748,295	628,608
Law, order, public safety	531,931	569,885
Education and welfare	12,500	12,808
Housing	2,281,000	2,562,326
Community amenities	570,910	483,735
Recreation and culture	2,005,330	2,101,601
Transport	51,399,646	51,837,454
Economic services	617,268	663,481
Other property and services	<u>1,675,641</u>	<u>1,858,832</u>
	<u>59,842,521</u>	<u>60,698,730</u>

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	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	1.76	0.90	0.73
Asset sustainability ratio	2.07	1.77	2.56
Debt service cover ratio	10.28	3.04	23.68
Operating surplus ratio	0.06	(0.46)	(0.18)
Own source revenue coverage ratio	0.61	0.55	0.57

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
$$\frac{\text{own source operating revenue}}{\text{operating expenses}}$$

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Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 60 of this document.

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

The early payment of the grant increased operating revenue in 2017 by 255,521.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$244,439.

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

	2017	2016	2015
Current ratio	0.40	0.90	0.30
Operating surplus ratio	-0.11	-0.30	-0.35
Debt service cover ratio	6.96	7.54	12.65

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20. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Councillor Nomination Deposit	0	160	(160)	0
Cleaning Bonds	1,800	2,300	(2,100)	2,000
Town Planning Bonds	6,000	10,000	(3,387)	12,613
Fire Brigade Donations	3,340	0	0	3,340
Declared Species Group	30,000	14,600	(12,883)	31,717
	<u>41,140</u>			<u>49,670</u>

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Actual Profit Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Budget Profit Loss
	\$	\$	\$	\$	\$	\$
Plant and Equipment						
Housing						
Gnowing St House	0	0	0	224,257	200,000	0 (24,257)
Transport						
Road plant	30,989	16,364	0 (14,625)	118,265	34,360	0 (83,905)
Other property and services						
Executive Vehicles	156,122	116,504	0 (39,618)	35,500	20,000	0 (15,500)
	<u>187,111</u>	<u>132,868</u>	<u>0 (54,243)</u>	<u>378,022</u>	<u>254,360</u>	<u>0 (123,662)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal		Principal		Principal		Interest	
	1 July 2016	New Loans	Repayments Actual	Repayments Budget	30 June 2017 Actual	30 June 2017 Budget	Repayments Actual	Repayments Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
5 Dunmail Drive House	283,421	0	68,247	68,247	215,174	215,174	8,644	6,805
	283,421	0	68,247	68,247	215,174	215,174	8,644	6,805
Self Supporting Loans								
Recreation and culture	1,250	0	1,250	1,250	0	0	0	0
	283,421	0	68,247	68,247	215,174	215,174	8,644	6,805

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

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

(d) Overdraft

The Shire of Wandering had an overdraft facility of \$200,000 as at 30 June 2017

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
Differential general rate / general rate												
Gross rental value valuations												
GRV Residential	0.08453	41	468,104	39,569	0	0	39,569	39,569	0	0	39,569	
GRV Special Use	0.10186	3	157,820	16,076	0	0	16,076	16,076	0	0	16,076	
Unimproved value valuations												
UV Rural Residential	0.00916	51	6,507,000	59,604	0	0	59,604	59,604	0	0	59,604	
UV Rural	0.00622	141	102,259,000	636,051	6,340	(308)	642,083	636,051	0	0	636,051	
UV Mining	0.00622	0	0	0	0	0	0	0	0	0	0	
Sub-Total		236	109,391,924	751,299	6,340	(308)	757,331	751,300	0	0	751,299	
Minimum payment												
Minimum \$												
Gross rental value valuations												
GRV Residential	835	38	142,932	31,730	0	0	31,730	31,730	0	0	31,730	
GRV Special Use	1,019	2	6,705	2,038	0	0	2,038	2,038	0	0	2,038	
Unimproved value valuations												
UV Rural Residential	1,019	49	4,866,000	49,931	0	0	49,931	49,931	0	0	49,931	
UV Rural	1,007	61	6,754,500	61,427	0	0	61,427	61,427	0	0	61,427	
UV Mining	1,007	5	170,186	5,035	0	0	5,035	5,035	0	0	5,035	
Sub-Total		155	11,940,323	150,161	0	0	150,161	150,161	0	0	150,161	
391		121,332,247	901,460	6,340	(308)	907,492	901,461	901,461	0	0	901,460	
											(36,109)	
Discounts/concessions (refer note 27)											(36,109)	
Total amount raised from general rate											871,383	
Specified Area Rate (refer note 25)											0	
Ex-gratia rates											2,493	
Totals											873,876	

Shire of Wandering

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

	2017 (30 June 2017)	2017 (1 July 2016)	2016 (30 June 2016)
	Carried Forward) \$	Brought Forward) \$	Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	346,590	47,739	47,739
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	148,726	28,584	28,584
Restricted	417,452	353,558	353,558
Receivables			
Rates outstanding	34,914	20,627	20,627
Sundry debtors	79,830	161,761	161,761
GST receivable	24,398	20,407	20,407
Loans receivable - clubs/institutions	0	1,250	1,250
Inventories			
Fuel & Oil	39,305	38,750	38,750
History Books	3,670	3,670	3,670
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,713)	(85,829)	(85,829)
ATO liabilities	(23,796)	(48,073)	(48,073)
Accrued expenses	(26,242)	(22,243)	(22,243)
Current portion of long term borrowings			
Secured by floating charge	(69,957)	(68,247)	(68,247)
Provisions			
Provision for annual leave	(53,370)	(44,399)	(44,399)
Provision for long service leave	(51,745)	(72,338)	(72,338)
Unadjusted net current assets	521,472	287,478	287,478
Adjustments			
Less: Reserves - restricted cash	(283,702)	(346,465)	(346,465)
Add: Secured by floating charge	69,957	68,247	68,247
Add: Cash backed leave provisions	38,864	38,479	38,479
Adjusted net current assets - surplus/(deficit)	346,590	47,739	47,739

Difference

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

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**SHIRE OF WANDERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

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

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

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

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount Is Granted
Rates Discount	5.00%	0	36,109	38,311	5% discount was given on current rates when ratepayers paid a full amount of rates on or before due date being the 31 August 2016
			<u>36,109</u>	<u>38,311</u>	

Waivers or Concessions

**Rate or Fee and
Charge to which
the Waiver or
Concession is Granted**

Type	Discount %	Discount \$	Actual \$	Budget \$
			<u>0</u>	<u>0</u>

**Rate or Fee and
Charge to which
the Waiver or
Concession is Granted**

**Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available**

**Objects of the Waiver
or Concession**

**Reasons for the Waiver
or Concession**



Shire of Wandering

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	31 August 17	0	0.00%	11.00%
Option Two				
First Instalment				
Second Instalment				
Option Three				
First Instalment	31 August 16	0		
Second Instalment	31 October 16	10	5.50%	11.00%
Third Instalment	31 December 16	10	5.50%	11.00%
Fourth Instalment	01 March 17	10	5.50%	11.00%
			Revenue	Budgeted
			\$	Revenue
Interest on unpaid rates			4,994	3,000
Interest on instalment plan			1,400	2,184
Charges on instalment plan			2,180	2,400
			<u>8,574</u>	<u>7,584</u>

Shire of Wandering

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
29. FEES & CHARGES		
Governance	1	0
General purpose funding	2,815	900
Law, order, public safety	5,847	6,068
Health	1,912	239
Housing	36,536	33,045
Community amenities	44,757	42,068
Recreation and culture	1,097	2,237
Transport	1,102	2,867
Economic services	541,424	481,481
Other property and services	24,526	5,240
	<u>660,017</u>	<u>574,145</u>

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

30. GRANT REVENUE

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

	2017	2016
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions		
General purpose funding	869,854	233,034
Law, order, public safety	29,775	41,284
Recreation and culture	0	5,000
Economic services	198,082	273,632
Other property and services	10,000	0
	<u>1,107,511</u>	<u>552,950</u>
Non-operating grants, subsidies and contributions		
Transport	873,127	1,199,960
Economic services	27,854	0
	<u>900,981</u>	<u>1,199,960</u>
	<u>2,008,492</u>	<u>1,752,910</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>12</u>	<u>13</u>
-----------	-----------

32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
President's allowance	4,000	4,000	4,000
	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>

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SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

2017

\$

The total of remuneration paid to KMP of the Shire during the year are as follows:

Short-term employee benefits	381,714
Post-employment benefits	9,905
Other long-term benefits	36,309
Termination benefits	12,110
	<u>440,038</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the equity method

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Transactions with related parties

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

The following transactions occurred with related parties:

2017

\$

Associated companies/individuals:

Purchase of goods and services	65,596
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Joint venture entities:

Distributions received from joint venture entities	0
--	---

Amounts outstanding from related parties:

Trade and other receivables	0
-----------------------------	---

Loans to associated entities	0
------------------------------	---

Loans to key management personnel	0
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Amounts payable to related parties:

Trade and other payables	0
--------------------------	---

Loans from associated entities	0
--------------------------------	---

Additional disclosure

The following KMP's spouse/parent were employed by the shire of Wandering in financial year 2016/17

Shire President's - Wife

CEO's - Partner and Father

Finance Manager's -Wife

Note: Transitional provisions contained within AASB 2015-6 do not require comparative

related party disclosures to be presented in the period of initial application. As a consequence,

only disclosures in relation to the current year have been presented.

34. MAJOR LAND TRANSACTIONS

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

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	566,178	382,142	566,178	382,142
Receivables	139,142	204,045	139,142	204,045
	<u>705,320</u>	<u>586,187</u>	<u>705,320</u>	<u>586,187</u>
Financial liabilities				
Payables	51,751	156,145	51,751	156,145
Borrowings	215,174	283,421	215,174	283,421
	<u>266,925</u>	<u>439,566</u>	<u>266,925</u>	<u>439,566</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.

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	5,662	3,821
- Statement of Comprehensive Income	5,662	3,821

Notes:

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

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SHIRE OF WANDERING
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36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	100%	100%
- Overdue	0%	0%
Percentage of other receivables		
- Current	90%	99%
- Overdue	10%	1%

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36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	51,751	0	0	51,751	51,751
Borrowings	69,957	145,217	0	215,174	215,174
	<u>121,708</u>	<u>145,217</u>	<u>0</u>	<u>266,925</u>	<u>266,925</u>
<u>2016</u>					
Payables	156,145	0	0	156,145	156,145
Borrowings	68,247	215,174	0	283,421	283,421
	<u>224,392</u>	<u>215,174</u>	<u>0</u>	<u>439,566</u>	<u>439,566</u>

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**SHIRE OF WANDERING
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FOR THE YEAR ENDED 30TH JUNE 2017**

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Debentures	69,957	71,710	73,507				215,174	
Weighted average Effective interest rate	2.49%	2.49%	2.49%					2.49%
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debentures	68,247	69,957	71,710	73,507			283,421	
Weighted average Effective interest rate	2.49%	2.49%	2.49%	2.49%				2.49%

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

Shire's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matter

Without modifying our opinion, we draw attention to page 60 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios. However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

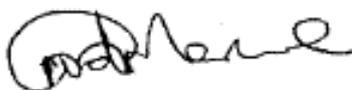
Reporting on Other Legal and Regulatory Requirements

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

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

- a) Apart from the operating surplus ratio there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE
Director

Perth
Date: 14 September 2017

Shire of Wandering

Financial & Auditor Reports

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

RATIO INFORMATION

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

	2017	2016	2015
Asset consumption ratio	0.99	1.00	0.59
Asset renewal funding ratio	122%	124%	112%

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

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