

SHIRE OF



# ANNUAL REPORT

2015 - 2016



*Strengthening our community now to grow and prosper into the future*

[www.corrigin.wa.gov.au](http://www.corrigin.wa.gov.au)

## Shire of Corrigin

The Shire of Corrigin is located in the Roe Region of Western Australia's Wheatbelt less than 2 ½ hours drive east of Perth.

Corrigin is a vibrant country community founded on broadacre farming.

Corrigin provides a range of services to meet the community's needs including education, health, recreation facilities and affordable land & housing.



Shire of Corrigin Statistics	
Distance from Perth	234k
Area	3,095 sq km
Length of Sealed Roads	405.4 km
Length of Unsealed Roads	767.6 km
Population	1,100 (source ABS)
Number of Electors	818
Number of Dwellings	650
Total Rates Levied	\$2,209,903
Total Revenue	\$4,402,888
Number of Employees	31 FTE

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## President's Report

I am pleased to bring you my President's Report for the year 2015 – 2016 which continued Council's focus on the execution of the Strategic Plan.

In the Focus Area of Developing Leadership, we carried out the bi-annual Council elections in October, as required under the Local Government Act (1995). We had five candidates for three positions, necessitating an election, which was very welcomed. The two "new" Councillors have certainly settled into their roles well and are contributing wholeheartedly to this Council's decision making process, along with their colleagues.



Both Council and the Community Resource Centre have Facebook pages which are increasingly being used to good effect to promote events and publish important information. Shire has revised the Community Newsletter, which is published in the Windmill, ensuring further transparency and maintaining a strong customer focus.

The Focus Area of Economic Development has been further advanced by the continued employment of the Business Development Officer – a position which is shared with our three RoeROC neighbours. This Officer has continued to hold 'Business After Hours' events as well as completing a "Why Local Matters" study.

An Aged Friendly Communities study was completed, which provided information and assistance in the development of the Business Case for the Wheatbelt South Aged Housing Alliance. This Alliance, in association with seven other Wheatbelt local governments, enable the Shire to make application for the construction of four additional independent living units in Corrigin. If the funding application is successful, it will result in two new units due for commencement in the 2017/18 financial year. This fulfills the Community's desire for progress in the Focus Area of Social Development.

Similarly, the completion of the Corrigin Recreation and Events Centre will enhance our Social Development. The Centre was opened in March and the CREC Advisory Committee of user groups has continued to meet to develop the management of the facility. The winter sports clubs have signed a Memorandum of Understanding which facilitates the sports day arrangements.

During 2015/16 Council has:

- Adopted the Shire of Corrigin Animals, Environment and Nuisance Local Law 2015
- Adopted the Shire of Corrigin Health Local Law 2015
- Adopted a Local Price Preference Policy
- Sold Lot 18 Lawton Way, Granite Rise Estate
- Entered into a Lease with the Corrigin Farm Improvement Group for the "Old Roads Board" building, for use as an office
- Entered into an MOU with the Water Corporation relating to the supply of 2 water refill stations
- Entered into an MOU with the Shires of Kulin, Kondinin, Narembeen, Cuballing, Wickpin, Wandering, Narrogin and the Town of Narrogin to establish the Wheatbelt South Aged Housing Alliance

It is Council's intention to review the Strategic Community Plan and its accompanying plans during the 2016/17 financial year.

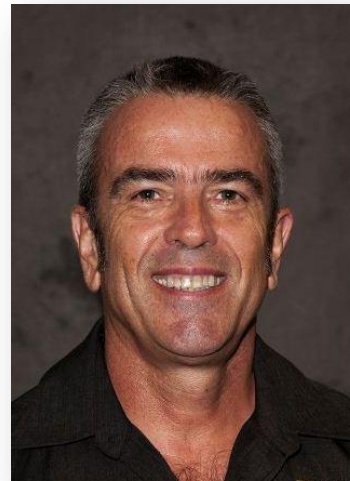
**Cr Lynette Baker**  
President



## Chief Executive Officer's Report

Over the past 12 months the Shire has had a focus of completing major projects within the Shire of Corrigin, including the completion of the Corrigin Recreation & Events Centre.

It is with great pleasure that I present the 2015/2016 Annual Report to the residents and ratepayers of the Shire of Corrigin.



Of significance, the period of 2015/16 saw the completion of the 'Corrigin Recreation & Events Centre'. This major infrastructure project has been the focus of Council and the community over a number of years and it is great to see the delivery of a wonderful long term community asset.

The Shire's focus continued on the delivery of services to the community which also included the following important programs and projects:

- Capital renewal and upgrade programs, including the completion of the adventure playground toilets, footpath renewals, construction of the Bulyee and Bullaring bush fire appliance bay facilities, along with the completion of the facilities associated with the Corrigin Recreation & Events Centre, including parking and the new (expanded) playground.
- Extensive community consultation was undertaken in relation to the review of Local Laws, consolidating the planning scheme, preparing the Aged Friendly Communities Plan, establishing a Local Price Preference Purchasing Policy.
- Continuing the review of the strategic planning of local emergency arrangements, including the amalgamation of Bush Fire Brigades, reviewing and implementing of the Local Recovery Plan and Local Emergency Management Arrangements.
- Continuing progress on the Yealering Bulyee Grain Freight Route Upgrade.
- Capital road works upgrades to significant local roads.

In October 2015, Council held its local government elections for the three elected member vacancies. The results of the election saw Cr Lyn Baker re-elected and Brian Praetz and Shannon Hardingham being elected, with terms expiring in 2019. The electorate saw fit to return Cr Baker to Council, acknowledging her wealth of experience, commitment and strategic leadership to Council and the community. I personally thank her for the guidance and assistance Cr Baker has provided me in my first year as Chief Executive Officer here at the Shire.

I welcome newly appointed councillors, Cr Praetz and Cr Hardingham, who bring a new and fresh view of matters concerning the community. I would also like to thank retiring councillors Mike Weguelin and Norm Talbot for the commitment and input into the Shire over their terms and wish them all the best in their future endeavours.





Council has a strong commitment to providing good governance of the Shire and compliance with State legislation. In accordance with *Local Government (Financial Management) Regulations 1996*, as Chief Executive Officer, I authorised the review into Council's financial management systems and procedures resulting in the 'Financial Management Review'. This Review was conducted by Moore Stephens Chartered Accountants who concluded that Council has established and maintained, in all material aspects, appropriate and effective financial management systems and procedures.

The Shire of Corrigin Community Strategic Plan identifies the priorities and aspirations identified by the community through public consultation. The Shire continues to work towards the implementation of strategies outlined in the Plan, the progress of which is reported within this year's Annual Report. Council continues to make sure our budgets are well placed to achieve our goals as we work towards long term sustainability. As part of our ongoing focus on strong governance and transparency, all of the Council's policies and processes have been reviewed, resulting in a more clear and efficient mode of operation. Staff and Councillors have continued to work hard to deliver improved services and facilities that provide a sustainable future.

Council continues its commitment to engage with the community on a number of levels, and ensures that it has good representation on local committees. In addition, it has continued to engage the community with strong consultation initiatives including formation of advisory committees and key stakeholder groups for consultation of specific activities. With its desire to continue to engage and communicate with the community, Council has redesigned its newsletters and is currently re-developing its website, with the aim of providing a modern means of providing information, and being interactive with the community and visitors.

Council has continued its strong support for Shire Staff to achieve positive outcomes for the community. I would like to extend my personal thanks to all Staff and our elected members.

**Rob Paull**  
Chief Executive Officer



## Councillors



Cr Lynette Baker  
President  
Term Expires 2019  
Ph: 9065 7053



Cr Des Hickey  
Deputy President  
Term Expires 2017  
Ph: 0428 751 024



Cr Matt Dickinson  
Term Expires 2017  
Ph: 0428 632 013



Cr Janeane Mason  
Term Expires 2017  
Ph: 0417 095 804



Cr Terry Pridham  
Term Expires 2017  
Ph: 0429 192 659



Cr Shannon Hardingham  
Term Expires 2019  
Ph: 0427 630 063



Cr Brian Praetz  
Term Expires 2019  
Ph: 0418 927 211

## Executive Management Team

Taryn Dayman

Deputy Chief Executive Officer

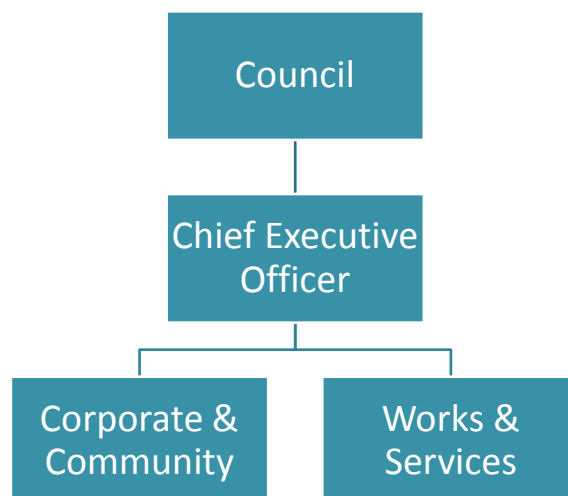


Greg Tomlinson

Manager Works & Services



## Organisational Structure





## Strategic Community Plan

In 2010, the Western Australian State Government introduced legislation requiring Local Governments to prepare an Integrated Planning and Reporting (IPR) Framework by June 2013.

IPR ensures that Councils Strategic Plan reflect the community aspirations, visions, and priorities of the district.

The Shire consulted widely with the community to produce the Strategic Community Plan and other plans within the IPR Framework.

The diagram below highlights the components of the framework:



In accordance with the legislation and following extensive community input, Council adopted its Strategic Community plan in June 2013. A desktop review was conducted in May 2016, with only minor changes made to the plan and the overall direction and objectives remaining unchanged.

The Strategic Community Plan is Council's principal planning and strategy document, which means that it governs all of the work that the Shire undertakes, either through direct services delivery, partnership arrangements, or advocacy on behalf of the community.

The Annual review of the Corporate Business Plan was conducted in June 2016, providing direction to Council and staff on how the vision of the Strategic Community plan will be achieved. Essentially the goals within the plan remain unchanged from the Corporate Business Plan adopted in 2013. Within the reviewed plan, sub goals have been identified to assist with meeting the broad goals. It is intended that this will provide additional guidance to Councillors and management to assist in achieving each goal.

In early 2017 Council will commence the process of conducting a holistic review of the Strategic Community Plan, involving extensive public engagement, consultation and submission period.

In accordance with legislation, Council is required to report to the community annually on its progress towards achieving the objectives.

## Strategic Community Plan 2015/16 - Progress

### Our Vision

#### ***“Corrigin – strengthening our community to grow and prosper into the future”***

The Shire of Corrigin comprises a diverse range of people, communities and landscapes. It is imperative that the vision captures the diversity of the area and is inclusive of all as the Shire moves forward. The community’s vision has been developed with a range of input received through the community engagement process. It reflects clear community aspirations for the ten-year period of the Strategic Community Plan.

#### **Key Focus area one: Economic Development**

**Goal one: We want to be able to spend our money locally and encourage others to do the same.**

Goal	Strategy	Outcome	Status
1.1	Work with the business community to grow and attract a local workforce targeting young people	We can grow the local economy	Ongoing Council support and consultation with various agencies, including Wheatbelt Business Network (WBN) to develop and improve Corrigin Economic position and business growth.
1.2	Develop tourism in the Shire, showcasing existing attractions, new events and the main Street.	Showcasing our attractions increases the number of people visiting to the area	Ongoing Council support of various agencies and representation on regional tourism boards, development of regional tourism initiatives and strategies.
1.3	Develop short-term and overnight accommodation options in the Shire	Visitors stay longer in our community and short-term employees can reside in the Shire.	Provision of residential land for sale to enable the development of accommodation options. Limited amount of progress on short-term accommodations strategies to date.
1.4	Explore opportunities to improve technology across the Shire to support economic development	Improved technology helps us to be innovative and efficient in our business	Council continues to advocate to telecommunications suppliers and state government for the upgrade of local exchanges and towers. The Corrigin telephone exchange was recently upgraded to provide additional ADSL ports.

**Goal Two: Utilise the land available in the area for a range of new business.**

Goal	Strategy	Outcome	Status
2.1	Diversify businesses in the community to improve resilience	Increase customer spending and employment in the Shire	Ongoing Council support of various agencies, including WBN to develop and improve Corrigin resilience.

**Goal Three: We want a sustainable agricultural sector supporting our local economy**

Goal	Strategy	Outcome	Status
3.1	Work with Federal and State Government to support the growth of the agricultural sector	A thriving agricultural sector into the future.	Through partnerships and Council support of local farmer groups.

**Key Focus area two: Developing Leadership****Goal four: Transparent decision-making is important to us**

Goal	Strategy	Outcome	Status
4.1	Ensure active engagement with the community to inform decision-making	Community contribution to how local issues are managed.	Council has engaged key stakeholders to participate in discussions on major Council initiatives and projects. Council is developing a Community Consultation / Engagement Policy to facilitate and encourage community involvement in local issues.
4.2	Maintain a strong customer focus	Effective communications on key decisions	Council has been actively using print, electronic and social media to inform and engage with the community. Council has updated the design of its newsletter and is currently re-developing its website, with the aim of providing a modern means of providing information, and being interactive with the community and visitors.

**Goal five: We want to strengthen our community's position for the future.**

Goal	Strategy	Outcome	Status
5.1	Maintain a resilient and independent Shire, with a clear vision for the future	A sustainable and progressive local government	Council continues its focus on providing good governance and planning for the district has reviewed its Strategic Community Plan and Corporate Business Plan
5.2	A representative model that reflects the community and acts on their aspirations	Effective governance and advocacy by the Shire	The community is represented by seven community elected members, with good attendance at Council and community meetings.

**Key Focus area three: Social Development****Goal six: We need good services to support our development as a Shire**

Goal	Strategy	Outcome	Status
6.1	Maintain the range of services and facilities provided by the Shire, particularly those for the rural area (roads) and sporting community	Essential services help us to prosper as a community.	Ongoing maintenance, upgrade and renewal of Councils assets and facilities.
6.2	Increase housing options to attract new families	Increased growth and participation in our community	Council ensures that there is adequate supply of residential land within Corrigin, with 31 lots for sale in Granite Rise.
6.3	Improve local health services to provide greater and more timely access for the community	Our community can more easily access the range of services they need at the time they need them	Ongoing Council support for the provision of Primary and Allied Health services to the community, including advocating with state government and other key stakeholders for the improvement of health services to the district.
6.4	Develop age care facilities in the Shire, including low care	Our residents can reside in the community for their whole life	Ongoing Council support to various agencies, including the Senior Citizens Committee. Improvement of Council's facilities and infrastructure to facilitate Corrigin as an Age-Friendly Community. Consultation and development of an Age Friendly development plan.



6.5	Explore opportunities to support the growth of our schools, including through regional collaboration where feasible,	Our young people can access quality education with the Shire	Ongoing. Council has made limited progress to date
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#### Goal seven: We want to be an inclusive community

Goal	Strategy	Outcome	Status
7.1	Put in place mechanisms to increase involvement and engagement in the development of the community	Stronger, inclusive communities across the Shire that define our indemnity	Ongoing. Provision of adequate facilities and programs to facilitate increasing involvement and engagement of the community

#### Key Focus area Four: Social Development

#### Goal Eight: Sustainability and protection of our farm land is important to the future of the area.

Goal	Strategy	Outcome	Status
8.1	Provide support to increase innovative farming practices in the area	Our land will be more productive now and into the future	Ongoing Council support of local community groups and joint ventures, including CFGI
8.2	Support the increased protection of our Shire's environment through active land management	Future generations will experience and enjoy our natural environment	Ongoing. Continued active management of natural areas, in conjunction with key stakeholders and community members.

#### Goal Nine: We want to make the most of our environment, including to attract more visitors

Goal	Strategy	Outcome	Status
9.1	Explore opportunities to utilise key areas in the Shire by showcasing their natural and environmental characteristics and developing educational programs	We recognize and uphold the value of our natural landscape and encourage visitors to do the same	Ongoing support of local community groups and joint ventures, including Corrigin Farm Improvement Group and Corrigin District High School.



## Major Projects Snapshot



**Adventure Playground Toilets**



**Bullaring Appliance Bay Facility**



**Bulyee Appliance Bay Facility**



**CREC Playground (installed in July)**

## Corrigin Recreation & Events Centre.

Council's major construction project for 2015/2016 has been the construction of the Corrigin Recreation & Events Centre. The \$6.3 million facility was designed by Site Architects and built by Perkins WA Pty Ltd and includes an indoor court / events area, squash courts, male and female change rooms, toilets and storage facilities, offices, meeting room, first aid room first class kitchen and function area.





## Corrigin Recreation & Events Centre Opening

The Official opening of the Corrigin Recreation & Events Centre was held on the 13 March 2016 and was opened by Rick Wilson, Federal Member for O'Connor and Hon Mia Davies MLA, Member for Central Wheatbelt.

The opening was well attended by the community, who enjoyed a tour of the facility, free BBQ, free entertainment and junior exhibition matches held in the indoor court.



## 10 Year Road Program

2016/17			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Grain Freight	Bulyee Rd	Reconstruct & widen	611,600
Federal R2R	Dry Well Rd	Resheet	35,388
Federal R2R	Babakin Corrigin Rd	Reconstruct & widen	111,643
Federal R2R	Bilbarin Quairading Rd	Widen shoulders	126,000
Federal R2R	Lomos South	Resheet	196,951
Federal R2R	Corrigin South Rd	Widen shoulders	232,695
Federal R2R	Gill Road Intersection	Reconstruct	20,621
2017/18			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Federal R2R	Lomos North	Resheet	200,000
Federal R2R	Dry Well Rd	Resheet	119,000
Federal R2R	Parsons Rd	Resheet	200,000
2018/19			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Federal R2R	Babakin Corrigin Rd	Reconstruct & widen	300,000
Federal R2R	Bilbarin Quairading Rd	Resheet	102,000
2019/20			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Council	Bendering Road	Reconstruct & widen	200,000
Council	Goyder St	Reconstruct	150,000
2020/21			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Council	Bilbarin Quairading Rd	Widen shoulders	126,000
Council	Bullaring Pingelly Rd	Reconstruct & widen	200,000
2021/22			
Funding	Road	Description of Works	Budget \$
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	Bulyee Quairadin Rd	Widen Shoulders	270,000
Council	Boyd St	Reconstruct	150,000
2022/23			
Funding	Road	Description of Works	Budget \$
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	Dry Well Road	Resheet	121,000
Council	Jose Street	Reconstruct	200,000
2023/24			
Funding	Road	Description of Works	Budget \$
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	49 Gate West Rd	Resheet	175,000
Council	Gill Road	Widen shoulders	140,000

	Future Years		
Funding	Road	Description of Works	Budget \$
Council	Barber Rd	Resheet	155,000
Council	49 Gate West Rd	Resheet	175,000
Council	Rafferty Rd	Resheet	280,000
Council	Fulwoods Rd	Resheet	135,000
Council	Lomos South Rd	Resheet	112,000
Council	Lomos North Rd	Resheet	142,000

Note: This program is indicative only and may be subject to change.

Council undertook the following construction works as part of the works program for the 2015/16 financial year

	2014/2015 Road Construction works		
Funding	Road	Description of Works	Actual \$
State RRG	Rabbit Proof Fence Rd	Reconstruct & Widen	106,438
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	390,901
Grain Freight	Bulyee Rd	Reconstruct & Widen	291,608
Federal R2R	Dry Well Rd	Resheet	166,453
Federal R2R	Dilling Railway Rd	Reconstruct & Seal	43,032
Federal R2R	Dry Well Rd	Reconstruct T Junction	86,458
Federal R2R	Barber Rd	Resheet	201,303
Federal R2R	Bendering Rd	Widen shoulders	140,140
Federal R2R	Rendell Street	Reseal and Kerb	49,259





## National Competition Policy

This policy was introduced by the Commonwealth Government in 1995 to promote competition for the benefit of business, consumers and the economy by removing what was considered to be unnecessary protection of monopolies of markets where competition can be enhanced. It effects local governments as factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

In respect to Council's responsibilities under to the National Competition Policy, the Shire reports as follows:

- No business enterprise of the Shire of Corrigin has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.
- The principles of competitive neutrality will be implemented in respect of any relevant activity undertaken during the next financial reporting period.

## Freedom of Information

In complying with the *Freedom of Information Act 1992*, the Shire of Corrigin is required to prepare and publish an information statement.

The Shire of Corrigin's Information Statement is reviewed annually and is available via Council's website or at the Shire administration office. The information statement contains advice on the type of documents available to the public and how to access those documents.

## State Records Act

The *State Records Act 2000* requires the Shire to maintain and dispose of all records in the prescribed manner.

Principle 6 – Compliance: Government Organisations ensure their employees comply with the record keeping plan.

Rationale:

An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire has complied with items 1 to 4.



## Disability Access and Inclusion Plan

Under the *Disability Services Act 1993*, all Western Australian Local Governments are required to develop and implement a Disability Access and Inclusion Plan (DAIP), addressing seven desired outcomes, to be reviewed on an annual basis and reported on to the Disability Services Commission (DSC) by 31 July each year.

Council has an endorsed DAIP which was reviewed in December 2014. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
3. People with disability receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the relevant public authority.
5. People with disability have the same opportunities as other people to make complaints to the relevant public authority.
6. People with disability have the same opportunities as other people to participate in any public consultation by the relevant public authority.
7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

## Employee Remuneration Disclosure

Regulation 19B of the *Local Government (Administration) Regulation 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more for 2015/2016:

### Salary Range

\$ From	\$ To	Number of Employees
110,000	119,999	
120,000	129,999	1
130,000	139,999	
140,000	149,999	
Total		1

## Public Interest Disclosures

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



The Chief Executive Officer has complied with all obligations under the Act including:

- Appointing the Governance and Project Officer as the Public Interest Disclosure officer for the organisation and publishing an internal procedure relating to the Shire's obligation.
- Providing protection from detrimental action or the threat of detrimental action for an employee of the Shire who makes an appropriate disclosure of public interest information.

## Complaints Register

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

There were no complaints lodged against elected members in the year under review.



# SHIRE OF CORRIGIN

## FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2016



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

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Principal place of business:  
9 Lynch Street  
CORRIGIN



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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed as authorisation of issue on the

9th day of December 2016

  
\_\_\_\_\_  
Rob Paull  
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	22	2,209,902	2,224,822	2,115,202
Operating grants, subsidies and contributions	29	1,412,899	1,559,183	3,751,291
Fees and charges	28	575,211	630,047	589,874
Interest earnings	2(a)	69,392	91,055	173,240
Other revenue	2(a)	78,628	37,226	110,852
		<u>4,346,032</u>	<u>4,542,333</u>	<u>6,740,459</u>
<b>Expenses</b>				
Employee costs		(2,225,291)	(2,137,244)	(2,253,200)
Materials and contracts		(1,258,940)	(1,820,589)	(1,407,370)
Utility charges		(296,714)	(333,606)	(289,827)
Depreciation on non-current assets	2(a)	(3,178,058)	(2,251,750)	(2,221,830)
Interest expenses	2(a)	(106,336)	(115,535)	(111,674)
Insurance expenses		(248,695)	(254,741)	(272,635)
Other expenditure		(118,957)	(136,489)	(62,336)
		<u>(7,432,991)</u>	<u>(7,049,954)</u>	<u>(6,618,872)</u>
		<u>(3,086,959)</u>	<u>(2,507,621)</u>	<u>121,588</u>
Non-operating grants, subsidies and contributions	29	1,806,771	2,360,245	2,921,315
Profit on asset disposals	20	26,854	22,880	70,805
(Loss) on asset disposals	20	(5,572)	(2,567)	(20,588)
<b>Net result</b>		<u>(1,258,906)</u>	<u>(127,063)</u>	<u>3,093,120</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(170,175)	0	104,636,217
<b>Total other comprehensive income</b>		<u>(170,175)</u>	<u>0</u>	<u>104,636,217</u>
<b>Total comprehensive income</b>		<u><u>(1,429,081)</u></u>	<u><u>(127,063)</u></u>	<u><u>107,729,337</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		5,644	1,500	6,053
General purpose funding		3,143,589	3,226,637	4,910,238
Law, order, public safety		58,598	44,125	40,693
Health		161,135	277,069	257,669
Education and welfare		164,531	154,342	179,116
Housing		89,088	98,960	94,656
Community amenities		220,697	214,867	224,032
Recreation and culture		107,640	65,115	474,718
Transport		171,444	178,217	226,132
Economic services		46,228	64,665	62,672
Other property and services		177,438	216,836	264,480
		<u>4,346,032</u>	<u>4,542,333</u>	<u>6,740,459</u>
<b>Expenses</b>	2(a)			
Governance		(622,969)	(725,572)	(642,091)
General purpose funding		(51,519)	(53,179)	(42,652)
Law, order, public safety		(153,148)	(131,555)	(130,580)
Health		(722,610)	(791,035)	(750,073)
Education and welfare		(375,486)	(379,460)	(355,239)
Housing		(83,169)	(102,134)	(116,375)
Community amenities		(590,825)	(560,952)	(532,152)
Recreation and culture		(1,632,661)	(1,357,938)	(1,245,302)
Transport		(2,643,904)	(2,290,918)	(2,245,337)
Economic services		(272,714)	(363,232)	(271,772)
Other property and services		(177,650)	(178,444)	(175,624)
		<u>(7,326,655)</u>	<u>(6,934,419)</u>	<u>(6,507,197)</u>
<b>Finance costs</b>	2(a)			
Community amenities		(17,205)	(23,451)	(19,614)
Recreation and culture		(89,131)	(92,084)	(92,060)
		<u>(106,336)</u>	<u>(115,535)</u>	<u>(111,674)</u>
		<u>(3,086,959)</u>	<u>(2,507,621)</u>	<u>121,588</u>
Non-operating grants, subsidies and contributions	29	1,806,771	2,360,245	2,921,315
Profit on disposal of assets	20	26,854	22,880	70,805
(Loss) on disposal of assets	20	(5,572)	(2,567)	(20,588)
<b>Net result</b>		<u>(1,258,906)</u>	<u>(127,063)</u>	<u>3,093,120</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(170,175)	0	104,636,217
<b>Total other comprehensive income</b>		<u>(170,175)</u>	<u>0</u>	<u>104,636,217</u>
<b>Total comprehensive income</b>		<u>(1,429,081)</u>	<u>(127,063)</u>	<u>107,729,337</u>

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

**SHIRE OF CORRIGIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,125,083	5,157,518
Trade and other receivables	4	294,696	138,508
Inventories	5	104,837	102,562
<b>TOTAL CURRENT ASSETS</b>		<b>2,524,616</b>	<b>5,398,588</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	7,530	7,530
Inventories	5	1,580,000	1,610,000
Property, plant and equipment	6	27,058,939	25,439,189
Infrastructure	7	121,775,902	121,950,875
<b>TOTAL NON-CURRENT ASSETS</b>		<b>150,422,371</b>	<b>149,007,594</b>
<b>TOTAL ASSETS</b>		<b>152,946,987</b>	<b>154,406,182</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	356,837	304,249
Current portion of long term borrowings	9	155,953	147,678
Provisions	10	497,573	443,294
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,010,363</b>	<b>895,221</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	1,945,368	2,101,320
Provisions	10	37,585	26,889
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,982,953</b>	<b>2,128,209</b>
<b>TOTAL LIABILITIES</b>		<b>2,993,316</b>	<b>3,023,430</b>
<b>NET ASSETS</b>		<b>149,953,671</b>	<b>151,382,752</b>
<b>EQUITY</b>			
Retained surplus		32,895,808	32,588,295
Reserves - cash backed	11	1,299,013	2,865,432
Revaluation surplus	12	115,758,850	115,929,025
<b>TOTAL EQUITY</b>		<b>149,953,671</b>	<b>151,382,752</b>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>25,983,906</b>	<b>6,376,701</b>	<b>11,292,808</b>	<b>43,653,415</b>
Comprehensive income					
Net result		3,093,120	0	0	3,093,120
Changes on revaluation of assets	12	0	0	104,636,217	104,636,217
Total comprehensive income		3,093,120	0	104,636,217	107,729,337
Transfers from/(to) reserves		3,511,269	(3,511,269)	0	0
<b>Balance as at 30 June 2015</b>		<b>32,588,295</b>	<b>2,865,432</b>	<b>115,929,025</b>	<b>151,382,752</b>
Comprehensive income					
Net result		(1,258,906)	0	0	(1,258,906)
Changes on revaluation of assets	12	0	0	(170,175)	(170,175)
Total comprehensive income		(1,258,906)	0	(170,175)	(1,429,081)
Transfers from/(to) reserves		1,566,419	(1,566,419)	0	0
<b>Balance as at 30 June 2016</b>		<b>32,895,808</b>	<b>1,299,013</b>	<b>115,758,850</b>	<b>149,953,671</b>

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



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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,190,141	2,224,822	2,108,282
Operating grants, subsidies and contributions		1,276,472	1,559,183	3,734,837
Fees and charges		575,211	871,216	587,374
Interest earnings		69,392	91,055	173,240
Goods and services tax		647,070	450,000	808,821
Other revenue		108,630	37,226	110,582
		<u>4,866,916</u>	<u>5,233,502</u>	<u>7,523,136</u>
<b>Payments</b>				
Employee costs		(2,142,123)	(2,137,244)	(2,095,471)
Materials and contracts		(1,247,909)	(2,762,986)	(1,395,186)
Utility charges		(296,714)	(333,606)	(289,827)
Interest expenses		(108,516)	(115,535)	(116,029)
Insurance expenses		(248,695)	(254,741)	(272,635)
Goods and services tax		(623,803)	(450,000)	(808,821)
Other expenditure		(118,957)	(136,489)	(62,331)
		<u>(4,786,717)</u>	<u>(6,190,601)</u>	<u>(5,040,300)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	80,199	(957,099)	2,482,836
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(3,190,330)	(3,201,751)	(5,627,678)
Payments for construction of infrastructure		(1,692,081)	(2,073,666)	(1,713,031)
Non-operating grants, subsidies and contributions		1,806,771	2,360,245	2,921,315
Proceeds from sale of fixed assets		110,683	159,773	405,803
<b>Net cash provided by (used in) investment activities</b>		<u>(2,964,957)</u>	<u>(2,755,399)</u>	<u>(4,013,591)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(147,677)	(139,850)	(139,850)
<b>Net cash provided by (used in) financing activities</b>		<u>(147,677)</u>	<u>(139,850)</u>	<u>(139,850)</u>
<b>Net increase (decrease) in cash held</b>		(3,032,435)	(3,852,348)	(1,670,605)
Cash at beginning of year		5,157,518	5,157,518	6,828,123
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>2,125,083</u></u>	<u><u>1,305,170</u></u>	<u><u>5,157,518</u></u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>1,735,611</u> 1,735,611	<u>1,590,858</u> 1,590,858	<u>46,656</u> 46,656
<b>Revenue from operating activities (excluding rates)</b>				
Governance		5,644	1,500	6,053
General purpose funding		933,687	1,001,815	2,795,036
Law, order, public safety		58,598	44,125	40,693
Health		165,914	313,920	257,678
Education and welfare		164,531	154,342	179,116
Housing		89,088	98,960	94,656
Community amenities		220,697	214,867	224,032
Recreation and culture		107,640	65,115	474,718
Transport		188,423	193,183	284,472
Economic services		46,228	64,665	62,672
Other property and services		<u>182,534</u>	<u>224,750</u>	<u>276,935</u>
		2,162,984	2,377,242	4,696,061
<b>Expenditure from operating activities</b>				
Governance		(622,969)	(725,572)	(642,091)
General purpose funding		(51,519)	(53,179)	(42,652)
Law, order, public safety		(153,148)	(131,555)	(130,580)
Health		(722,610)	(828,776)	(750,073)
Education and welfare		(375,486)	(379,460)	(355,239)
Housing		(83,169)	(102,134)	(116,375)
Community amenities		(608,030)	(584,403)	(551,767)
Recreation and culture		(1,721,792)	(1,450,022)	(1,337,362)
Transport		(2,643,904)	(2,290,918)	(2,265,925)
Economic services		(272,714)	(363,232)	(271,772)
Other property and services		<u>(183,220)</u>	<u>(180,122)</u>	<u>(175,620)</u>
		(7,438,561)	(7,089,373)	(6,639,456)
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	20	(26,854)	(22,880)	(70,805)
Loss on disposal of assets	20	5,572	2,567	20,588
Movement in rates outstanding - Pensioners (non-current)		0	0	(7,530)
Movement in land held for resale (non-current)		30,000	0	0
Movement in employee benefit provisions (non-current)		10,696	0	(4,764)
Depreciation on assets	2(a)	<u>3,178,058</u>	<u>2,251,750</u>	<u>2,221,830</u>
<b>Amount attributable to operating activities</b>		(342,494)	(889,836)	262,580
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,806,771	2,360,245	2,921,314
Proceeds from disposal of assets	20	110,683	159,773	405,803
Purchase of property, plant and equipment	6(b)	(3,190,330)	(3,201,751)	(5,627,676)
Purchase and construction of infrastructure	7(b)	<u>(1,692,081)</u>	<u>(2,073,665)</u>	<u>(1,713,031)</u>
<b>Amount attributable to investing activities</b>		(2,964,957)	(2,755,398)	(4,013,590)
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	21(a)	(147,677)	(139,850)	(139,850)
Transfers to reserves (restricted assets)	11	(65,301)	(92,055)	(182,228)
Transfers from reserves (restricted assets)	11	<u>1,631,720</u>	<u>1,652,317</u>	<u>3,693,497</u>
<b>Amount attributable to financing activities</b>		1,418,742	1,420,412	3,371,419
<b>Surplus(deficiency) before general rates</b>		<u>(1,888,709)</u>	<u>(2,224,822)</u>	<u>(379,591)</u>
<b>Total amount raised from general rates</b>	22	<u>2,209,902</u>	<u>2,224,822</u>	<u>2,115,202</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<u><u>321,193</u></u>	<u><u>0</u></u>	<u><u>1,735,611</u></u>

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

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

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

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

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

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

**(c) Cash and Cash Equivalents**

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

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

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

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(f) Fixed Assets**

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

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

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

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

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

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

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

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

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

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

***Land under control***

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

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

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

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

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

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

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

***Depreciation***

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Parks & Gardens	20 to 40 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.

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

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

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

***Capitalisation threshold***

Council has adopted the following capitalisation thresholds for each classification of property, plant, equipment and infrastructure assets as below;

Land	Nil
Buildings	\$2,000
Plant & Equipment	\$2,000
Furniture & Equipment	\$2,000
Infrastructure - Roads	\$5,000
Infrastructure – Drainage	\$5,000
Infrastructure – Parks & Gardens	\$5,000
Infrastructure – Footpaths and Cycle-ways	\$5,000
Infrastructure – Airports	\$5,000*
Infrastructure – Sewerage	\$5,000
Infrastructure – Other	\$5,000

\*Airports have various components, such as building and plant and equipment and the thresholds applicable to these components should be applied to each component.

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.



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

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

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

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.

**Income approach**

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

**Cost approach**

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

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

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

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

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

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

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

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 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.

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

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

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

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

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

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

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

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

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

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

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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

**(r) Superannuation**

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

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

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

**(s) Current and Non-Current Classification**

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

These new and revised standards were as follows:

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

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

**2. REVENUE AND EXPENSES**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report		
Previous Auditor	0	14,060
New Auditor	14,000	0
- Assistance with the finalisation of the annual financial report - Previous Auditor	0	7,500
Other Services		
- Previous Auditor	0	1,040
- New Auditor	4,200	0
<b>Depreciation</b>		
Buildings - specialised	772,110	728,023
Furniture and equipment	21,891	31,163
Plant and equipment	517,003	466,590
Infrastructure - roads	1,154,769	925,035
Infrastructure - footpaths	21,302	12,391
Infrastructure - drainage	335,545	5,282
Infrastructure - parks and ovals	355,438	53,346
	<u>3,178,058</u>	<u>2,221,830</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	106,336	111,674
	<u>106,336</u>	<u>111,674</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Reimbursements and recoveries	22,224	58,120
Other	56,404	52,732
	<u>78,628</u>	<u>110,852</u>
	<b>2016</b>	<b>2016</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		<b>2015</b>
- Reserve funds	55,300	Actual
- Other funds	1,126	\$
Other interest revenue (refer note 27)	12,966	157,227
	<u>69,392</u>	2,966
	<u>69,392</u>	13,047
	<u>69,392</u>	<u>173,240</u>

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

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

Provision and maintenance of elderly residents housing.

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

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

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

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

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

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

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

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

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Royalties for regions	General Purpose Funding	531,106	900,000	(1,099,513)	<b>331,593</b>	0	(331,593)	<b>0</b>
Resource Centre	Education & Welfare	0	17,308	(7,790)	<b>9,518</b>	0	(9,518)	<b>0</b>
Workforce Planning Funding	General Purpose Funding	25,000	0	(25,000)	<b>0</b>	0	0	<b>0</b>
Tabacco Grant Funding	Health	5,000	0	(5,000)	<b>0</b>	0	0	<b>0</b>
Age-Friendly Community Funding	Education & Welfare	0	10,000	0	<b>10,000</b>	0	(10,000)	<b>0</b>
CSRFF - CREC Funding	Recreation	0	477,273	(202,355)	<b>274,918</b>	159,091	(434,009)	<b>0</b>
RDAF - CREC Funding	Recreation	0	225,000	(225,000)	<b>0</b>	225,000	(225,000)	<b>0</b>
Lotterywest Funding - CREC	Recreation	0	363,636	0	<b>363,636</b>	0	(363,636)	<b>0</b>
<b>Total</b>		<b><u>561,106</u></b>	<b><u>1,993,217</u></b>	<b><u>(1,564,658)</u></b>	<b><u>989,665</u></b>	<b><u>384,091</u></b>	<b><u>(1,373,756)</u></b>	<b><u>0</u></b>

**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.

	<b>2016</b>	<b>2015</b>
Transfer to Reserves	\$ -	\$ 331,593
Muni funds Restricted in Note 3	\$ -	\$ 658,072
	<b><u>\$ -</u></b>	<b><u>\$ 989,665</u></b>

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

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		826,070	1,634,014
Restricted		<u>1,299,013</u>	<u>3,523,504</u>
		<u><u>2,125,083</u></u>	<u><u>5,157,518</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Entitlement Reserve	11	118,443	115,738
Community Bus Reserve	11	12,166	11,888
Staff Housing Reserve	11	70,009	84,670
Office Equipment Reserve	11	899	878
Plant Replacement Reserve	11	411,301	780,333
Swimming Pool Reserve	11	967	945
Roadworks Reserve	11	548,652	747,375
Land Subdivision Reserve	11	47,899	46,805
Townscape Reserve	11	2,438	2,382
Medical Reserve	11	4,334	4,235
LGCHP Housing Reserve	11	9,620	9,400
Community Development Reserve	11	164	577,439
Rockview Land Reserve	11	2,528	2,470
Royalties for Regions Reserve	11	0	331,593
Senior Citizens Units Reserve	11	0	53,936
Town Hall Reserve	11	69,558	58,183
Child Care Reserve	11	35	4,178
CREC Loan Reserve	11	0	32,984
Unspent grants	2(c)	<u>0</u>	<u>658,072</u>
		<u><u>1,299,013</u></u>	<u><u>3,523,504</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		77,767	58,006
Sundry debtors		218,801	78,135
ESL Receivable		128	4,367
Provision for Doubtful Debts		<u>(2,000)</u>	<u>(2,000)</u>
		<u><u>294,696</u></u>	<u><u>138,508</u></u>
<b>Non-current</b>			
Rates outstanding - pensioners		<u>7,530</u>	<u>7,530</u>
		<u><u>7,530</u></u>	<u><u>7,530</u></u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		54,837	52,562
Land held for resale			
- Land and development costs		<u>50,000</u>	<u>50,000</u>
		<u><u>104,837</u></u>	<u><u>102,562</u></u>
<b>Non-current</b>			
Land held for resale			
- Land and development costs		<u>1,580,000</u>	<u>1,610,000</u>
		<u><u>1,580,000</u></u>	<u><u>1,610,000</u></u>



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

	2016 \$	2015 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent Valuation 2014 - Level 2	<u>2,043,895</u>	<u>2,043,895</u>
	2,043,895	2,043,895
Land - vested in and under the control of Council at:		
- Independent Valuation 2016 - Level 3	<u>16,000</u>	<u>0</u>
	16,000	0
	<u>2,059,895</u>	<u>2,043,895</u>
Buildings - specialised at:		
- Independent Valuation 2014 - Level 2	13,835,682	13,835,682
- Additions after valuation cost	8,491,943	1,934,425
Less: accumulated depreciation	<u>(1,562,403)</u>	<u>(790,893)</u>
	20,765,222	14,979,214
	<u>20,765,222</u>	<u>14,979,214</u>
Total land and buildings	<u>22,825,117</u>	<u>17,023,109</u>
Furniture and equipment at:		
- Independent valuation 2016- level 3	231,644	0
- At Cost	0	770,090
Less accumulated depreciation	<u>0</u>	<u>(609,961)</u>
	231,644	160,129
Plant and equipment at:		
- Management valuation 2016 - level 3	59,652	0
- Management valuation 2013 - level 2	0	4,758,587
- Independent valuation 2016- level 2	3,404,576	0
- Independent valuation 2016- level 3	537,950	0
- Additions after valuation - cost	0	687,078
Less accumulated depreciation	<u>0</u>	<u>(1,171,805)</u>
	4,002,178	4,273,860
Work in Progress - CREC at:		
Work in Progress - CREC	<u>0</u>	<u>3,982,091</u>
	0	3,982,091
	<u>27,058,939</u>	<u>25,439,189</u>

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

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

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

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	2,043,895	0	0	0	0	0	0	0	2,043,895
Land - vested in and under the control of Council	0	0	0	16,000	0	0	0	0	16,000
<b>Total land</b>	<b>2,043,895</b>	<b>0</b>	<b>0</b>	<b>16,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,059,895</b>
Buildings - specialised	14,979,214	2,581,430	0	0	0	0	(772,110)	3,976,688	20,765,222
<b>Total buildings</b>	<b>14,979,214</b>	<b>2,581,430</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(772,110)</b>	<b>3,976,688</b>	<b>20,765,222</b>
<b>Total land and buildings</b>	<b>17,023,109</b>	<b>2,581,430</b>	<b>0</b>	<b>16,000</b>	<b>0</b>	<b>0</b>	<b>(772,110)</b>	<b>3,976,688</b>	<b>22,825,117</b>
Furniture and equipment	160,129	3,284	0	84,719	0	0	(21,891)	5,403	231,644
Plant and equipment	4,273,860	605,616	(89,401)	(270,894)	0	0	(517,003)	0	4,002,178
Work in Progress - CREC	3,982,091	0	0	0	0	0	0	(3,982,091)	0
<b>Total property, plant and equipment</b>	<b>25,439,189</b>	<b>3,190,330</b>	<b>(89,401)</b>	<b>(170,175)</b>	<b>0</b>	<b>0</b>	<b>(1,311,004)</b>	<b>0</b>	<b>27,058,939</b>

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

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

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Land - freehold	2	Market approach using recent observable market data for similar properties	Independent Registered valuers	June 2014	Price per hectare.
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered valuers	June 2016	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered valuers	June 2014	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and equipment</b>					
Management Valuation / Independent Registered Valuers	3	Cost approach using depreciated replacement cost	Independent Registered valuers / Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Independent Registered Valuers	2	Market approach using recent sale type observable market data for similar asset.	Independent Registered valuers	June 2016	Market Price per item.

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

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

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

	2016 \$	2015 \$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
- Management valuation 2015 - level 3	104,366,041	104,366,041
- Additions after valuation - cost	3,174,999	1,655,699
Less accumulated depreciation	<u>(1,154,769)</u>	<u>0</u>
	106,386,271	106,021,740
 Infrastructure - footpaths		
- Management valuation 2015 - level 3	373,801	373,801
Less accumulated depreciation	<u>(21,302)</u>	<u>0</u>
	352,499	373,801
 Infrastructure - drainage		
- Management valuation 2015 - level 3	10,146,049	10,146,049
Less accumulated depreciation	<u>(335,545)</u>	<u>0</u>
	9,810,504	10,146,049
 Infrastructure - parks and ovals		
- Management valuation 2015 - level 3	5,363,307	5,363,307
- Additions after valuation - cost	230,113	57,332
Less accumulated depreciation	<u>(366,792)</u>	<u>(11,354)</u>
	5,226,628	5,409,285
	<u>121,775,902</u>	<u>121,950,875</u>

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

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

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	106,021,740	1,519,300	0	0	0	0	(1,154,769)	0	106,386,271
Infrastructure - footpaths	373,801	0	0	0	0	0	(21,302)	0	352,499
Infrastructure - drainage	10,146,049	0	0	0	0	0	(335,545)	0	9,810,504
Infrastructure - parks and ovals	5,409,285	172,781	0	0	0	0	(355,438)	0	5,226,628
<b>Total infrastructure</b>	<b><u>121,950,875</u></b>	<b><u>1,692,081</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(1,867,054)</u></b>	<b><u>0</u></b>	<b><u>121,775,902</u></b>

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

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) residual values and remaining usefeul life assesments (Level 3) inputs
<b>Infrastructure - footpaths</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) residual values and remaining usefeul life assesments (Level 3) inputs
<b>Infrastructure - drainage</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) residual values and remaining usefeul life assesments (Level 3) inputs
<b>Infrastructure - parks and ovals</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) residual values and remaining usefeul life assesments (Level 3) inputs

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

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

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

	2016 \$	2015 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	42,751	22,899
Accrued interest on debentures	6,788	8,968
Accrued salaries and wages	53,053	34,861
ATO liabilities	152,303	129,033
Accrued Liabilities	101,942	108,488
	<u>356,837</u>	<u>304,249</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	155,953	147,678
	<u>155,953</u>	<u>147,678</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	1,945,368	2,101,320
	<u>1,945,368</u>	<u>2,101,320</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2015</b>			
Current provisions	235,486	207,808	443,294
Non-current provisions	0	26,889	26,889
	<u>235,486</u>	<u>234,697</u>	<u>470,183</u>
Additional provision	162,798	60,931	223,729
Amounts used	(148,156)	(18,995)	(167,151)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	3,761	4,636	8,397
<b>Balance at 30 June 2016</b>	<u>253,889</u>	<u>281,269</u>	<u>535,158</u>
<b>Comprises</b>			
Current	253,889	243,684	497,573
Non-current	0	37,585	37,585
	<u>253,889</u>	<u>281,269</u>	<u>535,158</u>



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

**11. RESERVES - CASH BACKED**

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Employee Entitlement Reserve	115,738	2,705	0	118,443	115,737	4,449	0	120,186	112,197	3,541	0	115,738
Community Bus Reserve	11,888	278	0	12,166	11,888	5,457	0	17,345	6,677	5,211	0	11,888
Staff Housing Reserve	84,670	1,955	(16,616)	70,009	84,670	3,255	(16,616)	71,309	122,733	3,872	(41,935)	84,670
Office Equipment Reserve	878	21	0	899	878	34	0	912	851	27	0	878
Plant Replacement Reserve	780,333	17,668	(386,700)	411,301	780,333	22,075	(386,700)	415,708	1,084,511	23,953	(328,131)	780,333
Swimming Pool Reserve	945	22	0	967	945	36	0	981	916	29	0	945
Roadworks Reserve	747,375	17,470	(216,193)	548,652	747,375	28,730	(216,193)	559,912	918,476	28,899	(200,000)	747,375
Land Subdivision Reserve	46,805	1,094	0	47,899	46,805	1,799	0	48,604	45,373	1,432	0	46,805
Townscape Reserve	2,382	56	0	2,438	2,382	92	0	2,474	2,309	73	0	2,382
Medical Reserve	4,235	99	0	4,334	4,235	163	(4,398)	0	123,759	3,907	(123,431)	4,235
LGCHP Housing Reserve	9,400	220	0	9,620	9,400	361	0	9,761	9,112	288	0	9,400
Community Development Reserve	577,439	7,313	(584,588)	164	577,439	6,770	(584,209)	0	1,045,726	31,713	(500,000)	577,439
Rockview Land Reserve	2,470	58	0	2,528	2,470	95	0	2,565	2,395	75	0	2,470
Royalties for Regions Reserve	331,593	3,362	(334,955)	0	331,593	3,888	(335,481)	0	808,395	23,198	(500,000)	331,593
Centenary Celebration Reserve	0	0	0	0	0	0	0	0	(85)	85	0	0
Senior Citizens Units Reserve	53,936	1,179	(55,115)	0	53,936	2,073	(56,010)	(1)	42,592	11,344	0	53,936
Town Hall Reserve	58,183	11,375	0	69,558	58,183	12,231	(15,000)	55,414	46,710	11,473	0	58,183
Child Care Reserve	4,178	92	(4,235)	35	4,178	160	(4,338)	0	4,054	124	0	4,178
CREC Loan Reserve	32,984	334	(33,318)	0	32,984	387	(33,372)	(1)	2,000,000	32,984	(2,000,000)	32,984
	<u>2,865,432</u>	<u>65,301</u>	<u>(1,631,720)</u>	<u>1,299,013</u>	<u>2,865,431</u>	<u>92,055</u>	<u>(1,652,317)</u>	<u>1,305,169</u>	<u>6,376,701</u>	<u>182,228</u>	<u>(3,693,497)</u>	<u>2,865,432</u>

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

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

**11. RESERVES - CASH BACKED (CONTINUED)**

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Employee Entitlement Reserve	As required	- To be used to fund Employee Leave Entitlement requirements.
Community Bus Reserve	30/06/2018	- to be used to fund to continual purchase of a community bus.
Staff Housing Reserve	30/06/2017	- to be used for the construction and maintenance of the staff housing.
Office Equipment Reserve	As required	- to be used for the purchase of office equipment.
Plant Replacement Reserve	As required	- to be used for the purchase of major plant items.
Swimming Pool Reserve	As required	- to be used for the construction and maintenance of the swimming pool.
Roadworks Reserve	30/06/2017	- to be used to fund the construction of roads within the Shire of Corrigin.
Land Subdivision Reserve	As required	- to be used to fund the installation of infrastructure in a land subdivision.
Townscape Reserve	As required	- to be used for the continual upgrade of facilities as per the townscape plan.
Medical Reserve	As required	- to be used for the continual upgrade of medical facilities within the Shire of Corrigin.
LGCHP Housing Reserve	As required	- to be used to fund the long term maintenance of the joint venture housing the Shire of Corrigin owns with Homeswest.
Community Development Reserve	As required	- to be used for the continual upgrade of various community facilities in Corrigin.
Rockview Land Reserve	As required	- to be used for the development of the Rockview Land Project.
Royalties for Regions Reserve	As required	- to be used to fund identified Royalties for Regions projects as adopted.
Financial Assistance Grant Reserve	As required	- to be used in accordance to the Local Government Grants Commission for funding of operating and capital requirements.
RDAF Grant Reserve	As required	- to be used in accordance with the RDAF funding agreement.
Centenary Celebration Reserve	As required	- To be used to fund future projects in conjunction of Corrigin Centenary Celebration.
Senior Citizens Units Reserve	As required	- to be used to fund the construction of Senior Citizen Units.
Town Hall Reserve	As required	- To be used for the maintenance and upgrade of the Corrigin Town Hall building, fixtures and fittings.
Child Care Reserve	As required	- To be used for the provision of child care facilities and services.
CREC Loan Reserve	As required	- To be use to fund the construction of the Corrigin Recreation and Events Centre.

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

**12. REVALUATION SURPLUS**

	<b>2016 Opening Balance \$</b>	<b>2016 Revaluation Increment \$</b>	<b>2016 Revaluation Decrement \$</b>	<b>2016 Total Movement on Revaluation \$</b>	<b>2016 Closing Balance \$</b>	<b>2015 Opening Balance \$</b>	<b>2015 Revaluation Increment \$</b>	<b>2015 Revaluation Decrement \$</b>	<b>2015 Total Movement on Revaluation \$</b>	<b>2015 Closing Balance \$</b>
Land and buildings	10,714,148	16,000	0	16,000	10,730,148	10,714,148	0	0	0	10,714,148
Furniture and equipment	0	84,719	0	84,719	84,719	0	0	0	0	0
Plant and equipment	578,660	0	(270,894)	(270,894)	307,766	578,660	0	0	0	578,660
Infrastructure - roads	90,376,519	0	0	0	90,376,519	0	90,376,519	0	90,376,519	90,376,519
Infrastructure - footpaths	61,789	0	0	0	61,789	0	61,789	0	61,789	61,789
Infrastructure - drainage	10,021,829	0	0	0	10,021,829	0	10,021,829	0	10,021,829	10,021,829
Infrastructure - parks and ovals	4,176,080	0	0	0	4,176,080	0	4,176,080	0	4,176,080	4,176,080
	<u>115,929,025</u>	<u>100,719</u>	<u>(270,894)</u>	<u>(170,175)</u>	<u>115,758,850</u>	<u>11,292,808</u>	<u>104,636,217</u>	<u>0</u>	<u>104,636,217</u>	<u>115,929,025</u>

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

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

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

**(a) Reconciliation of Cash**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<u>2,125,083</u>	<u>1,305,170</u>	<u>5,157,518</u>

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

Net result	(1,258,906)	(127,063)	3,093,120
Non-cash flows in Net result:			
Depreciation	3,178,058	2,251,750	2,221,830
(Profit)/Loss on sale of asset	(21,282)	(20,313)	(50,217)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(156,188)	241,169	(25,274)
(Increase)/Decrease in inventories	27,725	(257,547)	6,486
Increase/(Decrease) in payables	52,588	(721,701)	82,460
Increase/(Decrease) in provisions	64,975	0	75,746
Grants contributions for the development of assets	(1,806,771)	(2,323,394)	(2,921,315)
Net cash from operating activities	<u>80,199</u>	<u>(957,099)</u>	<u>2,482,836</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	40,000	40,000
Credit card balance at balance date	(844)	(7,283)
<b>Total amount of credit unused</b>	<u>139,156</u>	<u>132,717</u>
<b>Loan facilities</b>		
Loan facilities - current	155,953	147,678
Loan facilities - non-current	1,945,368	2,101,320
<b>Total facilities in use at balance date</b>	<u>2,101,321</u>	<u>2,248,998</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

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

**14. CONTINGENT LIABILITIES**

There are no known contingent Liabilities as at balance date.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>(a) Operating Lease Commitments</b>		
The Shire did not have any future operating lease commitments at the reporting date.		
<b>(b) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	119,519	2,134,600
- plant & equipment purchases	0	414,860
Payable:		
- not later than one year	119,519	2,549,460

**2016 Capital expenditure projects**

The Shire of Corrigin has contracted Hydramet for the transfer pump upgrade to be supplied and installed in 2016/17.

The Shire of Corrigin has contracted playmaster for the supply and installation playground equipment located at the Corrigin Recreation and Events Centre in 2016/17.

**2015 Capital expenditure projects**

Capital expenditure projects relates to the contract with Perkins Pty Ltd for the construction of the Corrigin Recreation & Events Centre. Construction occurred over 2 financial years, with the amount of \$2,134,600 being the remaining balance on the contract, to be paid in 2015/16.

The Plant & Equipment relates to the purchase of a Prime Mover, Roller and Skidsteet which was budgeted in 14/15, which was paid in 2015/16.

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

**16. JOINT VENTURE ARRANGEMENTS**

The Shire together with the Shires of Narembeen, Kulin and Kondinin have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The only assets are a motor vehicle, Bendering Waste site and miscellaneous equipment.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Land and buildings	15,750	15,750
Less: accumulated depreciation	(1,506)	(755)
	<u>14,244</u>	<u>14,995</u>
<b>Plant and machinery</b>		
- Costs	0	62,663
- Management Valuation 2016 - Level 3	43,548	0
Less: accumulated depreciation	0	(15,838)
	<u>43,548</u>	<u>46,825</u>
 Furniture and equipment	 0	 7,614
Less: accumulated depreciation	0	(7,614)
	<u>0</u>	<u>0</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	141,155	135,914
General purpose funding	533,461	1,979,714
Law, order, public safety	661,941	689,020
Health	839,652	906,162
Education and welfare	1,862,125	1,982,085
Housing	3,742,597	3,833,217
Community amenities	1,523,776	1,522,297
Recreation and culture	15,845,416	14,232,057
Transport	120,664,669	120,877,720
Economic services	715,287	747,281
Other property and services	2,777,715	3,831,518
Unallocated	3,639,193	3,669,197
	<u>152,946,987</u>	<u>154,406,182</u>

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

	2016	2015	2014
<b>18. FINANCIAL RATIOS</b>			
Current ratio	1.37	2.41	1.05
Asset sustainability ratio	1.27	1.30	1.03
Debt service cover ratio	0.86	9.96	2.67
Operating surplus ratio	(1.05)	0.06	(0.48)
Own source revenue coverage ratio	0.40	0.45	0.49

The above ratios are calculated as follows:

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

**Notes:**

- a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.
- b) For 2016, The Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grants (FAGS) on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$876,529.

- c) For 2015, the Current, Debt Service Cover and the Operating Surplus ratios as disclosed above were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGS) of \$876,529 which was received prior to year end.
- d) For 2014, the Current, Debt Service Cover and the Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGS during the year ended 30 June 2014 which saw the advance payment for the following year cease. This created a timing difference which resulted in an amount of some \$832,011 less revenue for the year.

Items (b) to (d) mentioned above are considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016, 2015 and 2014 columns above would be as follows:

	2016	2015	2014
Current ratio	1.37	1.28	2.40
Debt service cover ratio	4.31	6.48	7.28
Operating surplus ratio	(0.75)	(0.23)	(0.17)



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

**19. TRUST FUNDS**

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
B.C.I.T.F	102	2,956	(1,901)	1,157
BRB	147	3,630	(3,734)	43
Bus Ticketing	262	2,945	(3,130)	77
Police Licensing	2,406	622,768	(624,984)	190
Single Persons Units - Bonds	308	0	0	308
Corrigin Community Development Fund	51,607	10,625	(27,629)	34,603
Friends of the Cemetery	2,510	0	0	2,510
Edna Stevenson Educational Trust	937,423	13,859	0	951,282
Corrigin Disaster Fund	10,929	0	0	10,929
Facility Bonds	1,375	2,800	(620)	3,555
Council Nomination Bonds	0	400	(350)	50
Kidsports	0	4,400	0	4,400
	<u>1,007,069</u>			<u>1,009,104</u>

**20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
<b>Health</b>								
EHO Vehicle	12,494	17,273	4,779	0	10,889	10,000	0	(889)
<b>Transport</b>								
Prime Mover - CR950	25,621	42,000	16,379	0	27,634	42,000	14,366	0
Roller - CR28	2,400	3,000	600	0	2,400	3,000	600	0
<b>Other property and services</b>								
Utility - CR123	29,208	23,636	0	(5,572)	31,678	30,000	0	(1,678)
Small Plant	0	0	0	0	0	0	200	0
Vehicle - 4CR	19,678	24,774	5,096	0	19,708	24,773	5,065	0
Granite Rise Land	0	0	0	0	47,351	50,000	2,649	0
	<u>89,401</u>	<u>110,683</u>	<u>26,854</u>	<u>(5,572)</u>	<u>139,660</u>	<u>159,773</u>	<u>22,880</u>	<u>(2,567)</u>

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

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2015	New Loans	Principal Repayments		Principal 30 June 2016		Interest Repayments	
	\$	\$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Community amenities</b>								
Loan 101 - Land Subdivision	311,467	0	82,276	77,381	229,191	311,469	17,205	23,451
<b>Recreation and culture</b>								
Loan 102 - CREC	1,937,531	0	65,401	62,469	1,872,130	2,000,000	89,131	92,084
<b>Other property and services</b>								
	<u>2,248,998</u>	<u>0</u>	<u>147,677</u>	<u>139,850</u>	<u>2,101,321</u>	<u>2,311,469</u>	<u>106,336</u>	<u>115,535</u>

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

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

(d) Overdraft

The shire established an overdraft facility of \$100,000 to assist with short term liquidity requirements.  
The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil.

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

**22. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>General Rate</b>											
<b>Gross rental value valuations</b>											
GRV	0.0789	405	4,194,630	330,956	(490)	0	330,466	330,956	0	0	330,956
<b>Unimproved value valuations</b>											
UV	0.0163	339	119,637,500	1,954,877	(1,319)	0	1,953,558	1,954,877	0	0	1,954,877
<b>Sub-Total</b>		744	123,832,130	2,285,833	(1,809)	0	2,284,024	2,285,833	0	0	2,285,833
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
GRV	375	53	79,260	19,875	0	0	19,875	19,875	0	0	19,875
GRV - Corrigin	200	10	3,038	2,000	0	0	2,000	2,000	0	0	2,000
<b>Unimproved value valuations</b>											
UV	375	7	63,562	2,625	0	0	2,625	2,625	0	0	2,625
<b>Sub-Total</b>		70	145,860	24,500	0	0	24,500	24,500	0	0	24,500
		<b>814</b>	<b>123,977,990</b>	<b>2,310,333</b>	<b>(1,809)</b>	<b>0</b>	<b>2,308,524</b>	<b>2,310,333</b>	<b>0</b>	<b>0</b>	<b>2,310,333</b>
Discounts/concessions (refer note 26)							(98,622)				(85,511)
<b>Total amount raised from general rate</b>							<b>2,209,902</b>				<b>2,224,822</b>
<b>Totals</b>							<u>2,209,902</u>				<u>2,224,822</u>

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

**23. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus 1 July 15 brought forward</b>	<u>321,193</u>	<u>1,735,611</u>	<u>1,743,141</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	826,070	1,634,014	1,634,014
Restricted	1,299,013	3,523,504	3,523,504
Receivables			
Rates outstanding	77,767	58,006	58,006
Sundry debtors	218,801	78,135	78,135
ESL Receivable	128	4,367	4,367
Provision for Doubtful Debts	(2,000)	(2,000)	(2,000)
Inventories			
Fuel and materials	54,837	52,562	52,562
Land held for resale - cost			
Land and Development cost	50,000	50,000	50,000
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(42,751)	(22,900)	(22,900)
Accrued interest on debentures	(6,788)	(8,968)	(8,968)
Accrued salaries and wages	(53,053)	(34,861)	(34,861)
ATO liabilities	(152,303)	(129,033)	(129,033)
Accrued Liabilities	(101,942)	(108,488)	(108,488)
Current portion of long term borrowings			
Secured by floating charge	(155,953)	(147,678)	(147,678)
Provisions			
Provision for annual leave	(253,889)	(235,486)	(235,486)
Provision for long service leave	(243,684)	(207,808)	(207,808)
<b>Unadjusted net current assets</b>	<u><b>1,514,253</b></u>	<u><b>4,503,366</b></u>	<u><b>4,503,366</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(1,299,013)	(2,865,433)	(2,865,433)
Less: Land held for resale - cost			
Land and Development cost	(50,000)	(50,000)	(50,000)
Add: Current portion of long term borrowings			0
Secured by floating charge	155,953	147,678	147,678
Rate Pensioners	0	0 *	7,530
<b>Adjusted net current assets - surplus</b>	<u><b>321,193</b></u>	<u><b>1,735,611</b></u>	<u><b>1,743,141</b></u>

**Difference**

There is a difference between the surplus 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report due to rate pensioners (Non-current) which have been wrongly included in the calculation of Net Current Assets Position.

An\* has been placed adjacent to the item that has changed.

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

**24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Shire did not impose any specified Area Rates.

**25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

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

**Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Discount % or \$</b>	<b>Actual \$</b>	<b>Budget \$</b>	<b>Circumstances in which Discount is Granted</b>
Rate Discount	5.00%	98,622	85,511	Rates paid within 35 days of the date of issue noted on the rate notice
		<u>98,622</u>	<u>85,511</u>	

**Waivers or Concessions**

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Type</b>	<b>Discount % or \$</b>	<b>Actual \$</b>	<b>Budget \$</b>
Sundry Debtors	Write Off		65	0
Rate Assessment	Write Off		110	0
			<u>175</u>	<u>0</u>

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

**26 DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS (CONTINUED)  
- 2015/16 FINANCIAL YEAR**

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Circumstances in which the Waiver or Concession is Granted and to whom it was available</b>	<b>Objects of the Waiver or Concession</b>	<b>Reasons for the Waiver or Concession</b>
Facility & Equipment Hire	Community Information session	To assist with rural property owners	Council considers the support of this information session necessary to benifical the overall community, especially rural property owners.
Private Works, Machinery & Plant Hire fees	Corrigin Bowling Club	Support community groups	Council considers support of the Corrigin Bowling club an overall benefit to a large number of the community.
CWA Hire Fee	Corrigin IGA	Support fundraising ventures	Reduction of costs for the fundraising of the biggest morning tea.
Traders Permit Fees	Community Groups requiring permit fee	Support Community groups	Council considers support of these community groups necessary for the overall benefit of the community.

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

**27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	15-Oct-15	0	0.00%	11.00%
<b>Option Two</b>				
First Instalment	15-Oct-15	10	5.50%	11.00%
Second Instalment	14-Dec-15	10	5.50%	11.00%
Third Instalment	12-Feb-16	10	5.50%	11.00%
Fourth Instalment	12-Apr-16	10	5.50%	11.00%
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			9,848	2,500
Interest on instalment plan			3,118	3,500
Charges on instalment plan			2,430	2,500
			<u>15,396</u>	<u>8,500</u>

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

<b>28. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
General purpose funding	30,826	31,164
Law, order, public safety	23,115	9,692
Health	18,022	25,752
Education and welfare	32,197	31,175
Housing	89,088	94,656
Community amenities	168,269	159,510
Recreation and culture	40,299	33,739
Transport	29,344	33,151
Economic services	46,228	62,672
Other property and services	97,823	108,363
	<u>575,211</u>	<u>589,874</u>

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

**29. GRANT REVENUE**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
<b>Operating grants, subsidies and contributions</b>		
Governance	702	1,027
General purpose funding	833,467	2,590,632
Law, order, public safety	35,483	31,001
Health	143,113	231,917
Education and welfare	115,219	135,842
Community amenities	52,246	64,523
Recreation and culture	64,967	433,113
Transport	142,100	185,897
Other property and services	25,602	77,338
	<u>1,412,899</u>	<u>3,751,291</u>
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	0	900,000
Education and welfare	0	2,000
Recreation and culture	506,461	742,972
Transport	1,300,310	1,270,620
Other property and services	0	5,724
	<u>1,806,771</u>	<u>2,921,315</u>
	<u>3,219,670</u>	<u>6,672,606</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>31</u>	<u>32</u>
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**31. ELECTED MEMBERS REMUNERATION**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
Meeting Fees	28,000	28,000	29,568
President's allowance	7,500	7,500	7,500
Deputy President's allowance	1,813	1,875	1,960
Travelling expenses	978	2,001	1,018
Telecommunications allowance	7,000	7,000	6,045
	<u>45,291</u>	<u>46,376</u>	<u>46,091</u>



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

**32. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16 financial year.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

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

**34. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including, 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:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	2,125,083	5,157,518	2,125,083	5,157,518
Receivables	302,226	146,038	302,226	146,038
	<u>2,427,309</u>	<u>5,303,556</u>	<u>2,427,309</u>	<u>5,303,556</u>
<b>Financial liabilities</b>				
Payables	356,837	304,249	356,837	304,249
Borrowings	2,101,321	2,248,998	2,372,719	2,382,345
	<u>2,458,158</u>	<u>2,553,247</u>	<u>2,729,556</u>	<u>2,686,594</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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

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

**(a) Cash and Cash Equivalents**

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

Cash 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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	21,251	51,575
- Statement of Comprehensive Income	21,251	51,575

**Notes:**

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

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

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	78%	92%
- Overdue	22%	8%

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

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

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

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	356,837	0	0	356,837	356,837
Borrowings	254,972	768,838	2,009,896	3,033,706	2,101,321
	<u>611,809</u>	<u>768,838</u>	<u>2,009,896</u>	<u>3,390,543</u>	<u>2,458,158</u>
<b><u>2015</u></b>					
Payables	304,249	0	0	304,249	304,249
Borrowings	254,972	869,257	2,009,176	3,133,405	2,248,998
	<u>559,221</u>	<u>869,257</u>	<u>2,009,176</u>	<u>3,437,654</u>	<u>2,553,247</u>

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

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

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

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. 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 %
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	229,191	0	0	1,872,130	2,101,321	5.44%
Weighted average Effective interest rate	0.00%	0.00%	6.23%	0.00%	6.23%	4.64%		
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	311,467	0	1,937,531	2,248,998	5.44%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	6.23%	0.00%	4.64%		

## **INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CORRIGIN**

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## **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Corrigin, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

### **Management's Responsibility for the Financial Report**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial report of the Shire of Corrigin is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF CORRIGIN (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

During the course of the audit we became aware of one instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended):

**Rate Notice**

The rate notice did not include a brief statement that "Rebates to pensioners and seniors are funded by the government of WA" as required by Local Government (Financial Management) Regulation 56(4)(ha).

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as noted above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 59 of this report, we have reviewed the calculations of the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:
  - i. reasonably calculated; and
  - ii. based on verifiable information.

The Asset Renewal Funding Ratio was not calculated and no review was carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 9 December 2016  
Perth, WA



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

**RATIO INFORMATION**

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.98	0.98	0.64
Asset renewal funding ratio	*	*	*

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

\* Council are unable to provide an Asset Renewal Funding ratio for 2014, 2015 and 2016 as the information required was not available.