

Shire of Corrigin



ANNUAL REPORT
2014/2015

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 of 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	1,063
Number of Electors	835
Number of Dwellings	650
Total Rates Levied	\$2,055,796
Total Revenue	\$10,196,290
Number of Employees	31 FTE

Shire of Corrigin
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 9 Lynch Street
 Corrigin WA 6375
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 Web: www.corrigin.wa.gov.au



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President's Report

I am pleased to present this annual report to the community, reflecting what has, without doubt, been a very productive year.

This year's focus has been on continuing the implementation of our Strategic Community Plan.

In the Focus Area of Economic Development, Council has, with our RoeROC neighbours (Kulin, Kondinin and Narembeen) contributed to the employment of a Business Development Officer with the Wheatbelt Business Network (WBN). The role encourages attendance to WBN Business After Hours and workshops as well as providing one on one business assistance and the completion of specific Corrigin economic development initiatives including the Think Local First campaign.

Corrigin business events this year have included Business After Hours at local businesses who share an insight into their business world and these events bring together the business owners and operators in our community, allowing them important networking opportunities, the sharing of ideas and strategies to deal with staff attraction and retention, shoplifting, finances etc.

Another Focus Area is Developing Leadership through transparency and maintaining a strong customer focus. Council has a Facebook Page, as does the Community Resource Centre, on which important information is posted such as swimming pool closures, upcoming presentations and visiting professionals. We also publish a significant amount of information in the fortnightly Windmill newspaper, as well as a letter from the President. Residents are invited to register their mobile phone number to receive harvest ban and fire information.

In the Focus Area of Social Development, we continue to develop an Aged Housing Strategy with a number of other Local Governments with the aim to make available various housing options for our seniors.

The Corrigin Recreation and Events Centre, nearing completion, is sure to create a cohesive, integrated dynamic within the winter sports clubs, with an Memorandum of Understanding being developed to facilitate the management of the facility during that season.

During 2014/15 Council:

- Adopted and executed a Memorandum of Understanding with RoeROC (our neighbours, Kulin, Kondinin and Narembeen) for a 5 year term
- Entered into an Enterprise Agreement with staff
- Adopted and executed a Memorandum of Understanding with Corrigin District High School regarding the use of vacant bushland as an outdoor classroom
- Adopted a Disability Access and Inclusion Plan 2014-2019

Looking forward, Council has engaged a consultant to carry out an Aged Friendly Communities study which will inform our infrastructure and social planning for our Aged into the future, as well as investigating possibilities for tourism into the future.

Cr Lynette Baker
President

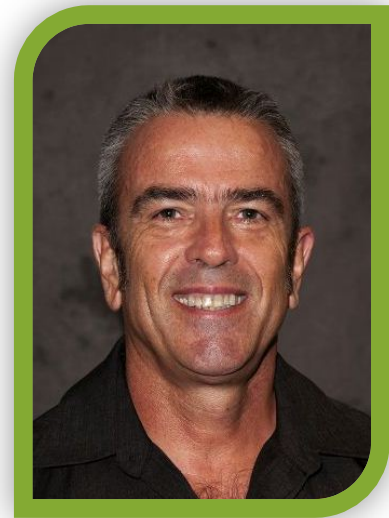


Chief Executive Officer's Report

Over the past 12 months the Shire has taken significant steps toward delivering the major projects outlined in the community's corporate planning documents.

I would like to thank and acknowledge outgoing CEO, Mr Julian Murphy, for his work over the last 9 years, which has placed the Shire of Corrigin in a strong position going into the future.

The year 2015 saw the ongoing construction of the Corrigin Recreation and Events Centre. The construction is currently on budget and only slightly behind schedule. It is anticipated that construction will be completed in November 2015. Fit out will occur in 2015 / 16, with the building scheduled to be fully operational early 2016.



The Shire's focus has once again been on the delivery of important programs and projects including the following:

- Capital renewal and upgrade programs, including War Memorial Lookout, footpath renewals, adventure playground toilets, shire entrance statements and the Recreation & Events Centre.
- Provision of natural resource management, including parks and reserves to a high standard, and entering into MOU's with key stakeholders.
- Continued supply of primary health services, including MOU's with key stakeholders and upgrade of facilities in Corrigin.
- Continuing progress on the Yealering Bulyee Grain Freight Route Upgrade.
- Capital road works upgrades to significant local roads.

As part of Council's Workforce planning, Council in August 2014 negotiated and entered into a new Enterprise agreement with Council's employees.

Council continues its positive relationship with neighbouring Shires through the Roe Regional Organisation of Councils (RoeROC). Council has expanded its provision of Environment Health services from RoeROC Shires to also include the Bruce Rock and Lake Grace. This expanded service is now known as "Roe Regional Environmental Health Service Scheme" and employs 1.6 FTE staff. Council's entered into a new MOU in October 2014.

The Shire is continuing to ensure that its Local Emergency Management arrangements are appropriately developed. A review of our local emergency arrangements including the local recovery plan was conducted in August 2014. In addition an emergency desktop exercise involving all agencies was carried out in December 2014.

Council has a strong commitment to providing good governance of the Shire. In accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, in 2015 the CEO reviewed the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.



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.

In 2014/15 the Shire continued to find ways to engage with the community on a number of levels including the use of social media. In this regard, information on Shire activities is distributed through the Council Notes section of the Windmill Newspaper, the Shire Website and its Facebook page.

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 Paul
Chief Executive Officer



Councillors



Cr Lynette Baker
President
Term Expires 2015
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 Mike Weguelin
(Retired Oct 2015)
Ph: 0400 190 221



Cr Norm Talbot
(Retired Oct 2015)
Ph: 0428 632 231



Cr Shannon Hardinham
Term Expires 2019
Ph: 0427 630 063



Cr Brian Praetz
Term Expires 2019
Ph: 0418 927 211



Executive Management Team

Taryn Dayman

Executive Manager Corporate & Community Services



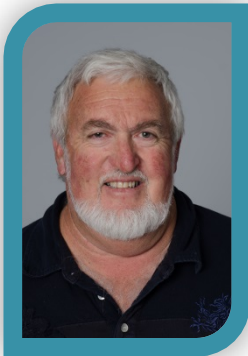
Heather Talbot

Executive Manager Governance & Compliance

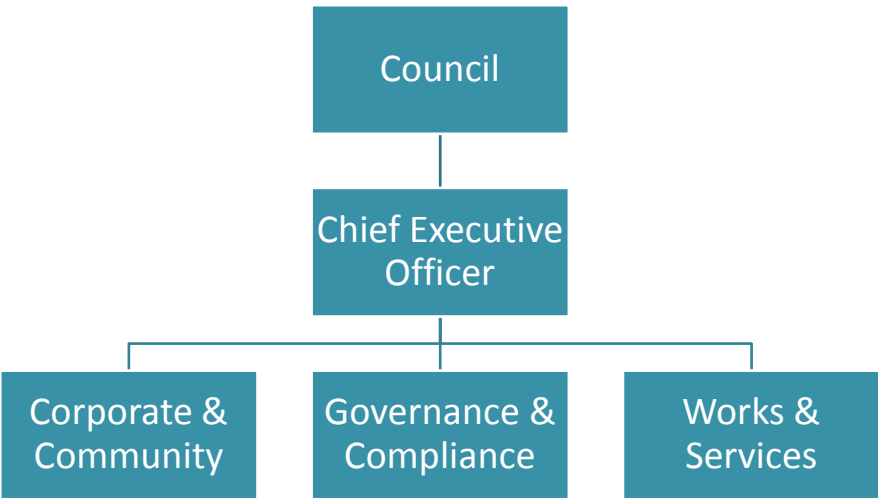


Greg Tomlinson

Manager Works & Services



Organisational Structure



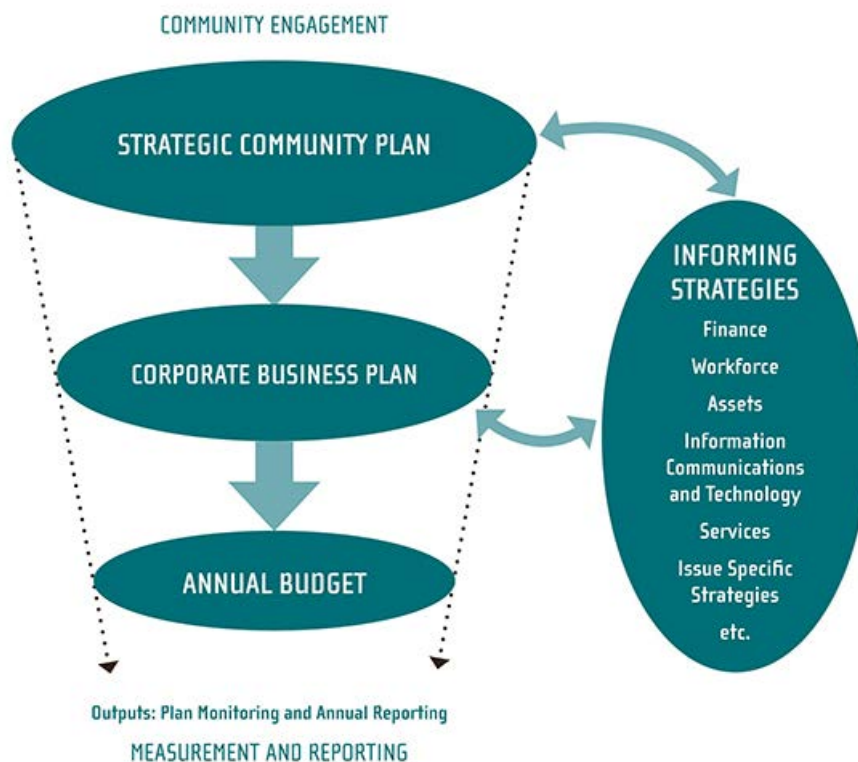
Strategic Community Plan

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.

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.

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

Strategic Community Plan 2014/15 - 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 of various agencies, including SBCEW and 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 SBCEW and WBN to develop and improve Corrigin resilience. Commencement of Council's Town Planning Scheme consolidation to enable more flexible development.

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.



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.
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 32 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. Commencement of the 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



War
Memorial
Lookout



Agricultural
Society Shed



Shire
Entrance
Statements



Washdown Bay -
Depot



Footpath Renewals



Corrigin Recreation & Events Centre.

Council's major construction project for 2014/2015 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.



10 Year Road Program

2015/16			
Funding	Road	Description of Works	Budget \$
State RRG	Rabbit Proof Fence Rd	Reseal	212,000
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	279,000
Grain Freight	Bulyee Rd	Reconstruct & widen	1,001,433
Federal R2R	Bendering Rd	Widen Shoulders	200,000
Federal R2R	Rendell St	Reseal & kerb	70,000
Federal R2R	Dry Well Road	Resheet	200,000
Federal R2R	Dilling Railway Road	Reconstruct and seal	162,787
Federal R2R	Barber Road	Resheet	180,000
Federal R2R			
2016/17			
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	Widen shoulders	126,000
Federal R2R	Lomos South	Resheet	200,000
Federal R2R	Lomos North	Resheet	200,000
Federal R2R	Parsons Road	Resheet	200,000
2017/18			
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	Dry Well Rd	Resheet	119,000
Federal R2R	Bilbarin Quairading Rd	Resheet	102,000
2018/19			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Federal R2R	Bendering Rd	Reconstruct & widen	200,000
Federal R2R	Goyder St	Reconstruct	150,000
2019/20			
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
2020/21			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Council	Bulyee Quairading Rd	Widen shoulders	270,000
Council	Boyd St	Reconstruct	150,000
2021/22			
Funding	Road	Description of Works	Budget \$
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	Dry Well Rd	Resheet	121,000
Council	Jose St	Reconstruct	200,000



2022/23			
Funding	Road	Description of Works	Budget \$
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	Gill Rd	Widen shoulders	144,000
Council	49 Gate West Rd	Resheet	175,000
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	Barber Rd	Resheet	155,000
Future Years			
Funding	Road	Description of Works	Budget \$
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 2014/15 financial year

2014/2015 Road Construction works			
Funding	Road	Description of Works	Actual \$
Federal R2R	Bendering Road	Reconstruct & Widen	278,593
Grain Freight	Bulyee Rd	Reconstruct & Widen	744,838
Council	Dilling Roadway Rd	Construction & Seal	117,835
State RRG	Rabbit Proof Fence Rd	Reconstruct & Widen	525,144



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 information on the type of documents available to the public and how to access those documents.

One enquiry was received and responded to during the 2014-15 period.

State Records Act

The *State Records Act 2000* requires the Shire maintains and disposes 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 its DAIP 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 2014/2015:

Salary Range

\$ From	\$ To	Number of Employees
110,000	119,999	
120,000	129,999	
130,000	139,999	
140,000	149,999	1
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 Executive Manager Governance and Compliance 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 2015

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 15 day of December 2015



Rob Paul
Chief Executive Officer

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

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	2,115,202	2,119,735	1,981,390
Operating grants, subsidies and contributions	28	3,751,291	2,352,719	1,776,745
Fees and charges	27	589,874	611,839	556,166
Interest earnings	2(a)	173,240	192,366	142,391
Other revenue		<u>110,852</u>	<u>38,850</u>	<u>38,432</u>
		6,740,459	5,315,509	4,495,124
Expenses				
Employee costs		(2,253,200)	(1,955,620)	(1,728,710)
Materials and contracts		(1,407,370)	(1,859,064)	(1,241,088)
Utility charges		(289,827)	(308,146)	(285,404)
Depreciation on non-current assets	2(a)	(2,221,830)	(1,542,371)	(1,741,565)
Interest expenses	2(a)	(111,674)	(115,535)	(31,208)
Insurance expenses		(272,635)	(275,633)	(193,138)
Other expenditure		<u>(62,335)</u>	<u>(90,102)</u>	<u>(214,553)</u>
		<u>(6,618,871)</u>	<u>(6,146,471)</u>	<u>(5,435,666)</u>
		121,588	(830,962)	(940,542)
Non-operating grants, subsidies and contributions	28	2,921,315	4,398,300	2,340,265
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	(183,473)
Profit on asset disposals	20	70,805	45,416	182
Loss on asset disposals	20	<u>(20,588)</u>	<u>(71,254)</u>	<u>(168,743)</u>
Net result		3,093,120	3,541,500	1,047,689
Other comprehensive income				
Changes on revaluation of non-current assets	12	104,636,217	0	10,714,148
Total other comprehensive income		<u>104,636,217</u>	<u>0</u>	<u>10,714,148</u>
Total comprehensive income		<u><u>107,729,337</u></u>	<u><u>3,541,500</u></u>	<u><u>11,761,837</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 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
	2(a)			
Governance		6,053	1,500	27,979
General purpose funding		4,910,238	4,043,923	2,994,821
Law, order, public safety		40,693	33,100	338,535
Health		257,669	250,678	150,605
Education and welfare		179,116	152,842	158,032
Housing		94,656	95,371	97,815
Community amenities		224,032	195,248	162,905
Recreation and culture		474,718	62,245	96,145
Transport		226,131	205,477	156,523
Economic services		62,672	64,665	65,414
Other property and services		264,480	210,459	246,350
		<u>6,740,458</u>	<u>5,315,508</u>	<u>4,495,124</u>
Expenses				
	2(a)			
Governance		(642,091)	(702,965)	(553,754)
General purpose funding		(42,652)	(42,529)	(63,889)
Law, order, public safety		(130,580)	(92,515)	(115,357)
Health		(750,073)	(722,516)	(393,492)
Education and welfare		(355,239)	(293,367)	(403,824)
Housing		(116,375)	(146,202)	(109,069)
Community amenities		(532,152)	(553,553)	(465,409)
Recreation and culture		(1,245,302)	(1,109,789)	(1,118,378)
Transport		(2,245,337)	(2,067,784)	(1,793,011)
Economic services		(271,772)	(315,102)	(249,384)
Other property and services		(175,622)	15,387	(322,364)
		<u>(6,507,195)</u>	<u>(6,030,935)</u>	<u>(5,587,931)</u>
Finance costs				
	2(a)			
Education and welfare		0	0	(565)
Housing		0	0	(1,638)
Community amenities		(19,614)	(23,451)	(28,253)
Recreation and culture		(92,060)	(92,084)	(752)
		<u>(111,674)</u>	<u>(115,535)</u>	<u>(31,208)</u>
Non-operating grants, subsidies and contributions				
General purpose funding		900,000	900,000	0
Education and welfare		2,000	0	0
Community amenities		0	0	2,000
Recreation and culture		742,972	1,622,636	15,615
Transport		1,270,619	1,875,664	2,316,862
Economic services		0	0	5,455
Other property and services		5,724	0	334
	28	<u>2,921,314</u>	<u>4,398,300</u>	<u>2,340,266</u>
Profit/(Loss) on disposal of assets				
Health		9	(10,769)	(31,470)
Education and welfare		0	0	182
Recreation and culture		0	0	(63,827)
Transport		37,753	6,713	0
Other property and services		12,455	(21,782)	(73,447)
	20	<u>50,217</u>	<u>(25,838)</u>	<u>(168,562)</u>
Net result		<u>3,093,120</u>	<u>3,541,500</u>	<u>1,047,689</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	104,636,217	0	10,714,148
Total other comprehensive income		<u>104,636,217</u>	<u>0</u>	<u>10,714,148</u>
Total comprehensive income		<u>107,729,337</u>	<u>3,541,500</u>	<u>11,761,837</u>

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

**SHIRE OF CORRIGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,157,518	6,828,123
Trade and other receivables	4	138,508	113,234
Inventories	5	102,562	109,048
TOTAL CURRENT ASSETS		<u>5,398,588</u>	<u>7,050,405</u>
NON-CURRENT ASSETS			
Other receivables	4	7,530	7,530
Inventories	5	1,610,000	1,610,000
Property, plant and equipment	6	25,439,189	21,395,839
Infrastructure	7	121,950,875	16,594,719
TOTAL NON-CURRENT ASSETS		<u>149,007,595</u>	<u>39,608,088</u>
TOTAL ASSETS		<u>154,406,182</u>	<u>46,658,493</u>
CURRENT LIABILITIES			
Trade and other payables	8	304,250	221,794
Current portion of long term borrowings	9	147,678	141,850
Provisions	10	443,294	362,784
TOTAL CURRENT LIABILITIES		<u>895,222</u>	<u>726,428</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	2,101,320	2,246,998
Provisions	10	26,889	31,653
TOTAL NON-CURRENT LIABILITIES		<u>2,128,209</u>	<u>2,278,651</u>
TOTAL LIABILITIES		<u>3,023,431</u>	<u>3,005,078</u>
NET ASSETS		<u>151,382,752</u>	<u>43,653,415</u>
EQUITY			
Retained surplus		32,588,295	25,983,906
Reserves - cash backed	11	2,865,432	6,376,701
Revaluation surplus	12	115,929,025	11,292,808
TOTAL EQUITY		<u>151,382,752</u>	<u>43,653,415</u>

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 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		27,076,060	4,236,858	578,660	31,891,578
Comprehensive income					
Net result		1,047,689	0	0	1,047,689
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>10,714,148</u>	<u>10,714,148</u>
Total comprehensive income		1,047,689	0	10,714,148	11,761,837
Transfers from/(to) reserves		<u>(2,139,843)</u>	<u>2,139,843</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2014		25,983,906	6,376,701	11,292,808	43,653,415
Comprehensive income					
Net result		3,093,120	0		3,093,120
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>104,636,217</u>	<u>104,636,217</u>
Total comprehensive income		3,093,120	0	104,636,217	107,729,337
Transfers from/(to) reserves		<u>3,511,269</u>	<u>(3,511,269)</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2015		<u>32,588,295</u>	<u>2,865,432</u>	<u>115,929,025</u>	<u>151,382,752</u>

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,108,282	2,119,735	1,965,856
Operating grants, subsidies and contributions		3,734,837	2,352,719	1,776,745
Fees and charges		587,374	727,870	650,575
Interest earnings		173,240	192,366	142,391
Goods and services tax		808,821	450,000	393,339
Other revenue		110,582	38,850	38,432
		<u>7,523,136</u>	<u>5,881,540</u>	<u>4,967,338</u>
Payments				
Employee costs		(2,095,471)	(1,955,620)	(1,675,162)
Materials and contracts		(1,395,186)	(2,360,878)	(1,235,233)
Utility charges		(289,827)	(308,146)	(285,404)
Interest expenses		(116,029)	(115,535)	(30,410)
Insurance expenses		(272,635)	(275,633)	(193,138)
Goods and services tax		(808,821)	(450,000)	(386,628)
Other expenditure		(62,331)	(90,102)	(214,551)
		<u>(5,040,300)</u>	<u>(5,555,914)</u>	<u>(4,020,526)</u>
Net cash provided by (used in) operating activities	13(b)	<u>2,482,836</u>	<u>325,626</u>	<u>946,812</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(5,627,678)	(8,410,891)	(948,585)
Payments for construction of infrastructure		(1,713,031)	(2,240,172)	(2,083,833)
Non-operating grants, Subsidies and contributions		2,921,315	4,398,300	2,340,265
Proceeds from sale of fixed assets		405,803	506,394	165,161
Net cash provided by (used in) investment activities		<u>(4,013,591)</u>	<u>(5,746,369)</u>	<u>(526,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(139,850)	(139,850)	(149,126)
Proceeds from new debentures		0	0	2,000,000
Net cash provided by (used in) financing activities		<u>(139,850)</u>	<u>(139,850)</u>	<u>1,850,874</u>
Net increase (decrease) in cash held		(1,670,605)	(5,560,593)	2,270,694
Cash at beginning of year		6,828,123	6,841,484	4,557,429
Cash and cash equivalents at the end of the year	13(a)	<u><u>5,157,518</u></u>	<u><u>1,280,891</u></u>	<u><u>6,828,123</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		6,053	1,500	27,979
General purpose funding		3,695,036	2,824,188	1,013,431
Law, order, public safety		40,693	33,100	338,535
Health		257,678	250,678	150,605
Education and welfare		181,116	152,842	158,214
Housing		94,656	95,371	97,815
Community amenities		224,032	195,248	164,905
Recreation and culture		1,217,690	1,684,881	111,760
Transport		1,555,091	2,087,854	2,473,385
Economic services		62,672	64,665	70,869
Other property and services		282,659	210,459	246,684
		<u>7,617,376</u>	<u>7,600,786</u>	<u>4,854,182</u>
Expenses				
Governance		(642,091)	(702,965)	(553,754)
General purpose funding		(42,652)	(42,529)	(63,889)
Law, order, public safety		(130,580)	(92,515)	(115,357)
Health		(750,073)	(733,285)	(424,962)
Education and welfare		(355,239)	(293,367)	(404,389)
Housing		(116,375)	(146,202)	(110,707)
Community amenities		(551,767)	(577,004)	(493,662)
Recreation and culture		(1,337,362)	(1,201,873)	(1,182,957)
Transport		(2,265,925)	(2,067,784)	(1,793,011)
Economic services		(271,772)	(315,102)	(249,384)
Other property and services		(175,617)	(6,397)	(212,338)
		<u>(6,639,453)</u>	<u>(6,179,023)</u>	<u>(5,604,410)</u>
Net result excluding rates		977,923	1,421,763	(750,228)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	(50,217)	25,838	168,562
Movement in employee benefit provisions (non-current)	10	(4,764)	0	5,274
Depreciation and amortisation on assets	2(a)	2,221,830	1,542,371	1,741,565
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(274,426)	(6,505,705)	(145,297)
Purchase furniture and equipment	6(b)	(112,763)	(17,157)	(28,268)
Purchase plant and equipment	6(b)	(1,258,396)	(1,888,028)	(748,399)
Purchase work in progress - crec	6(b)	(3,982,091)	0	0
Purchase roads	7(b)	(1,655,699)	(2,110,997)	(2,043,322)
Purchase parks and ovals	7(b)	(57,332)	(129,175)	(67,132)
Proceeds from disposal of fixed assets	20	405,803	506,394	165,161
Repayment of debentures	21(a)	(139,850)	(139,850)	(149,126)
Proceeds from new debentures	21(a)	0	0	2,000,000
Transfers to reserves (restricted assets)	11	(182,228)	(211,865)	(3,306,458)
Transfers from reserves (restricted assets)	11	3,693,494	5,321,038	1,166,615
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	46,656	65,638	56,321
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	1,743,142	0	46,656
Total amount raised from general rate	22(a)	<u>(2,115,202)</u>	<u>(2,119,735)</u>	<u>(1,981,388)</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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has 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 2015

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.

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

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

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

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

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

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

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 2015

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 seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Parks and Ovals	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.

Capitalisation threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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 at least every 3 years.

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the 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 non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the 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 2015

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 2015

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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<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>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>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.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

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

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

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

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the annual financial report	14,060	15,090
- Assistance with the finalisation of the annual financial report	7,500	6,000
- Other services	1,040	1,820
Depreciation		
Specialised buildings	728,023	270,732
Furniture and Equipment	31,163	35,825
Plant and Equipment	466,590	497,135
Roads	925,035	866,788
Footpaths	12,391	12,391
Drainage	5,282	5,285
Parks and Ovals	53,346	53,409
	<u>2,221,830</u>	<u>1,741,565</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	111,674	31,208
	<u>111,674</u>	<u>31,208</u>
(ii) Crediting as revenue:		
Other revenue		
Other	110,852	38,432
	<u>110,852</u>	<u>38,432</u>
	<u><u>110,852</u></u>	<u><u>38,432</u></u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	157,227	179,866
- Other funds	2,966	8,000
Other interest revenue (refer note 26)	13,047	4,500
	<u>173,240</u>	<u>192,366</u>
	<u><u>173,240</u></u>	<u><u>192,366</u></u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, 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.

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 2015

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

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 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
Grant/Contribution	Function/ Activity	1/07/13	2013/14	2013/14	30/06/14	2014/15	2014/15	30/06/15
		\$	\$	\$	\$	\$	\$	\$
Financial Assistance Grant Advan	GPF	832,011	836,676	(1,668,687)	0	2,585,386	(1,708,857)	876,529
Royalties for regions	GPF	753,216	0	(222,110)	531,106	900,000	(1,099,513)	331,593
Dry Season Funding	Education & Welfare	1,000	0	(1,000)	0	0	0	0
Resource Centre	Education & Welfare	9,760	0	(9,760)	0	17,308	(7,790)	9,518
Roads to Recovery	Transport	91,052	266,729	(357,781)	0	0	0	0
Workforce Planning Funding	GPF	0	25,000	0	25,000	0	(25,000)	0
Tabacco Grant Funding		0	10,000	(5,000)	5,000	0	(5,000)	0
Age-Friendly Community Funding	Education & We	0	0	0	0	10,000	0	10,000
CSRFF - CREC Funding	Recreation	0	0	0	0	477,273	(202,355)	274,918
RDAF - CREC Funding	Recreation	0	0	0	0	225,000	(225,000)	0
Lotterywest Funding - CREC	Recreation	0	0	0	0	363,636	0	363,636
Total		1,687,039	1,138,405	(2,264,338)	561,106	4,578,603	(3,273,515)	1,866,194

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.

The funds held for the above unspent grants have been restricted as follows

	2015	2014
Transfer to Reserves	\$ 331,593	\$ 531,106
Muni funds Restricted in Note 3	\$ 1,534,601	\$ 30,000
	<u>\$ 1,866,194</u>	<u>\$ 561,106</u>

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

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		757,486	421,421
Restricted		<u>4,400,032</u>	<u>6,406,702</u>
		<u><u>5,157,518</u></u>	<u><u>6,828,123</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Entitlement Reserve	11	115,737	112,196
Community Bus Reserve	11	11,888	6,677
Staff Housing Reserve	11	84,670	122,733
Office Equipment Reserve	11	878	851
Plant Replacement Reserve	11	780,333	1,084,511
Swimming Pool Reserve	11	945	916
Roadworks Reserve	11	747,375	918,476
Land Subdivision Reserve	11	46,805	45,373
Townscape Reserve	11	2,382	2,309
Medical Reserve	11	4,235	123,759
LGCHP Housing Reserve	11	9,400	9,112
Community Development Reserve	11	577,439	1,045,726
Rockview Land Reserve	11	2,470	2,395
Royalties for Regions Reserve	11	331,593	808,395
Centenary Ceelebration Reserve	11	0	(85)
Senior Citizens Units Reserve	11	53,936	42,592
Town Hall Reserve	11	58,183	46,710
Child Care Reserve	11	4,178	4,054
CREC Loan Reserve	11	32,984	2,000,000
Unspent grants	2(c)	<u>1,534,601</u>	<u>30,000</u>
		<u><u>4,400,032</u></u>	<u><u>6,406,700</u></u>

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

	2015	2014
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	58,006	51,086
Sundry debtors	78,135	61,681
Monies received in advance	0	(270)
Provision for Doubtful Debts	(2,000)	(2,000)
ESL Receivable	4,367	1,867
Trust	0	870
	<u>138,508</u>	<u>113,234</u>
Non-current		
Rates outstanding - pensioners	7,530	7,530
	<u>7,530</u>	<u>7,530</u>
5. INVENTORIES		
Current		
Fuel and materials	52,562	59,048
Land held for resale - cost		
Cost of acquisition	50,000	50,000
	<u>102,562</u>	<u>109,048</u>
Non-current		
Land Held for Resale	1,610,000	1,610,000
	<u>1,610,000</u>	<u>1,610,000</u>

In accordance with accounting policy outline within note 1(f), land held for resale is valued at the lower cost or net realisable value.

Last year a valuation was obtained indicating net relisable value of \$1,660,000

As a result, \$184,473 impairment loss was recorded in the Statement of comprehensive income for 2013/14.

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

	2015	2014
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	1,660,000	1,660,000
	<u>1,660,000</u>	<u>1,660,000</u>
	<u>1,660,000</u>	<u>1,660,000</u>
Specialised buildings at:		
- Management valuation 2014- level 3	15,879,577	15,879,577
- Additions after valuation - cost	274,426	0
Less: accumulated depreciation	<u>(790,893)</u>	<u>(62,870)</u>
	<u>15,363,110</u>	<u>15,816,707</u>
	<u>15,363,110</u>	<u>15,816,707</u>
Total land and buildings	<u>17,023,110</u>	<u>17,476,707</u>
Furniture and Equipment at:		
- At Cost	770,090	744,726
Less accumulated depreciation	<u>(609,961)</u>	<u>(662,552)</u>
	160,129	82,174
Plant and Equipment at:		
- Management valuation 2013 - level 2	4,758,587	4,758,587
- Additions after valuation - cost	687,078	0
Less accumulated depreciation	<u>(1,171,805)</u>	<u>(921,629)</u>
	<u>4,273,859</u>	<u>3,836,958</u>
Work in Progress - CREC	3,982,091	0
	<u>3,982,091</u>	<u>0</u>
	<u>25,439,189</u>	<u>21,395,839</u>

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

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

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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	1,660,000	0	0	0	0	0	0	1,660,000
Total land	1,660,000	0	0	0	0	0	0	1,660,000
Specialised buildings	15,816,707	274,426	0	0	0	(728,023)	0	15,363,110
Total buildings	15,816,707	274,426	0	0	0	(728,023)	0	15,363,110
Total land and buildings	17,476,707	274,426	0	0	0	(728,023)	0	17,023,110
Furniture and Equipment	82,174	112,763	0	0	0	(31,163)	(3,645)	160,129
Plant and Equipment	3,836,958	1,258,396	(355,586)	0	0	(466,590)	681	4,273,859
Work in Progress - CREC	0	3,982,091	0	0	0	0	0	3,982,091
Total property, plant and equipment	21,395,839	5,627,676	(355,586)	0	0	(1,225,776)	(2,964)	25,439,189

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2014	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly
Specialised buildings	3	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2014	Unobservable inputs for the asset or liability.
Furniture and Equipment					
Plant and Equipment	2	Market approach using comparable sale evidence for similar type properties	Independent registered valuers	June 2013	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 2015

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Roads		
- Independent valuation 2015 - level 3	104,366,041	0
- Additions after valuation - cost	1,655,699	0
- Cost	0	32,450,555
Less accumulated depreciation	<u>0</u>	<u>(17,535,998)</u>
	<u>106,021,740</u>	<u>14,914,557</u>
Footpaths		
- Independent valuation 2015- level 3	373,801	0
- Cost	0	601,432
Less accumulated depreciation	<u>0</u>	<u>(277,029)</u>
	<u>373,801</u>	<u>324,403</u>
Drainage		
- Independent valuation 2015 - level 3	10,146,049	0
- Cost	0	264,259
Less accumulated depreciation	<u>0</u>	<u>(134,757)</u>
	<u>10,146,049</u>	<u>129,502</u>
Parks and Ovals		
- Independent valuation 2015- level 3	5,363,307	0
- Additions after valuation - cost	57,332	0
- Cost	0	1,898,060
Less accumulated depreciation	<u>(11,354)</u>	<u>(671,803)</u>
	<u>5,409,285</u>	<u>1,226,257</u>
	<u><u>121,950,875</u></u>	<u><u>16,594,719</u></u>

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

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 2015

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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	14,914,557	1,655,699	0	90,376,519	0	(925,035)	0	106,021,740
Footpaths	324,403	0	0	61,789	0	(12,391)	0	373,801
Drainage	129,502	0	0	10,021,829	0	(5,282)	0	10,146,049
Parks and Ovals	1,226,257	57,332	0	4,176,080	0	(53,346)	2,962	5,409,285
Total infrastructure	<u>16,594,719</u>	<u>1,713,031</u>	<u>0</u>	<u>104,636,217</u>	<u>0</u>	<u>(996,054)</u>	<u>2,962</u>	<u>121,950,875</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$104,636,217 in the net value of infrastructure.

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

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Depreciated Replacement Cost, annual depreciation multiplied by remain useful years of life	Independent registered valuers	June 2015	Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs
Footpaths	3	Depreciated Replacement Cost, annual depreciation multiplied by remain useful years of life	Independent registered valuers	June 2015	Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs
Drainage	3	Depreciated Replacement Cost, annual depreciation multiplied by remain useful years of life	Independent registered valuers	June 2015	Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs
Parks and Ovals	3	Depreciated Replacement Cost, annual depreciation multiplied by remain useful years of life	Independent registered valuers	June 2015	Unobservable inputs for the asset or liability.

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 2015

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	22,900	67,990
Accrued interest on debentures	8,968	13,323
Accrued salaries and wages	34,861	26,922
ATO liabilities	129,033	55,859
Accrued Liabilities	108,488	57,700
	304,250	221,794
	304,250	221,794

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

	147,678	141,850
	147,678	141,850
	147,678	141,850

Non-current

Secured by floating charge

 Debentures

	2,101,320	2,246,998
	2,101,320	2,246,998
	2,101,320	2,246,998

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	203,291	159,493	362,784
Non-current provisions	0	31,653	31,653
	203,291	191,146	394,437
Additional provision	115,980	46,383	162,363
Amounts used	(83,785)	(2,832)	(86,617)
Balance at 30 June 2015	235,486	234,697	470,183
	235,486	234,697	470,183
Comprises			
Current	235,486	207,808	443,294
Non-current	0	26,889	26,889
	235,486	234,697	470,183
	235,486	234,697	470,183

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

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Employee Entitlement Reserve			
Opening balance	112,196	112,621	108,301
Amount set aside / transfer to reserve	3,541	4,622	3,895
Amount used / transfer from reserve	0	0	0
	<u>115,737</u>	<u>117,243</u>	<u>112,196</u>
(b) Community Bus Reserve			
Opening balance	6,677	6,684	1,619
Amount set aside / transfer to reserve	5,211	5,274	5,058
Amount used / transfer from reserve	0	0	0
	<u>11,888</u>	<u>11,958</u>	<u>6,677</u>
(c) Staff Housing Reserve			
Opening balance	122,733	123,102	94,340
Amount set aside / transfer to reserve	3,872	3,826	28,393
Amount used / transfer from reserve	(41,935)	(50,000)	0
	<u>84,670</u>	<u>76,928</u>	<u>122,733</u>
(d) Office Equipment Reserve			
Opening balance	851	854	821
Amount set aside / transfer to reserve	27	35	30
Amount used / transfer from reserve	0	0	0
	<u>878</u>	<u>889</u>	<u>851</u>
(e) Plant Replacement Reserve			
Opening balance	1,084,511	1,088,050	902,090
Amount set aside / transfer to reserve	23,953	31,056	182,421
Amount used / transfer from reserve	(328,131)	(965,686)	0
	<u>780,333</u>	<u>153,420</u>	<u>1,084,511</u>
(f) Swimming Pool Reserve			
Opening balance	916	920	884
Amount set aside / transfer to reserve	29	38	32
Amount used / transfer from reserve	0	0	0
	<u>945</u>	<u>958</u>	<u>916</u>
(g) Roadworks Reserve			
Opening balance	918,476	919,834	346,258
Amount set aside / transfer to reserve	28,899	37,753	662,453
Amount used / transfer from reserve	(200,000)	(200,000)	(90,235)
	<u>747,375</u>	<u>757,587</u>	<u>918,476</u>
(h) Land Subdivision Reserve			
Opening balance	45,373	45,545	43,798
Amount set aside / transfer to reserve	1,432	1,869	1,575
Amount used / transfer from reserve	0	0	0
	<u>46,805</u>	<u>47,414</u>	<u>45,373</u>
(i) Townscape Reserve			
Opening balance	2,309	2,318	2,229
Amount set aside / transfer to reserve	73	95	80
Amount used / transfer from reserve	0	0	0
	<u>2,382</u>	<u>2,413</u>	<u>2,309</u>

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

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (CONTINUED)			
(j) Medical Reserve			
Opening balance	123,759	123,762	317
Amount set aside / transfer to reserve	3,907	1,503	123,442
Amount used / transfer from reserve	(123,431)	(123,431)	0
	<u>4,235</u>	<u>1,834</u>	<u>123,759</u>
(k) LGCHP Housing Reserve			
Opening balance	9,112	9,169	14,536
Amount set aside / transfer to reserve	288	376	522
Amount used / transfer from reserve	0	0	(5,946)
	<u>9,400</u>	<u>9,545</u>	<u>9,112</u>
(l) Community Development Reserve			
Opening balance	1,045,726	1,049,530	967,344
Amount set aside / transfer to reserve	31,713	38,714	244,489
Amount used / transfer from reserve	(500,000)	(1,088,147)	(166,107)
	<u>577,439</u>	<u>97</u>	<u>1,045,726</u>
(m) Rockview Land Reserve			
Opening balance	2,395	2,400	1,443
Amount set aside / transfer to reserve	75	98	952
Amount used / transfer from reserve	0	0	0
	<u>2,470</u>	<u>2,498</u>	<u>2,395</u>
(n) Royalties for Regions Reserve			
Opening balance	808,395	811,456	780,330
Amount set aside / transfer to reserve	23,198	16,678	28,065
Amount used / transfer from reserve	(500,000)	(828,134)	0
	<u>331,593</u>	<u>0</u>	<u>808,395</u>
(o) Financial Assistance Grant Reserve			
Opening balance	0	0	832,011
Amount set aside / transfer to reserve	0	0	0
Amount used / transfer from reserve	0	0	(832,011)
	<u>0</u>	<u>0</u>	<u>0</u>
(p) Centenary Celebration Reserve			
Opening balance	(85)	0	21,461
Amount set aside / transfer to reserve	85	0	770
Amount used / transfer from reserve	0	0	(22,316)
	<u>0</u>	<u>0</u>	<u>(85)</u>
(q) Senior Citizens Units Reserve			
Opening balance	42,592	42,715	31,461
Amount set aside / transfer to reserve	11,344	11,753	11,131
Amount used / transfer from reserve	0	0	0
	<u>53,936</u>	<u>54,468</u>	<u>42,592</u>
(r) Town Hall Reserve			
Opening balance	46,710	46,848	35,436
Amount set aside / transfer to reserve	11,473	11,791	11,274
Amount used / transfer from reserve	0	(15,000)	0
	<u>58,183</u>	<u>43,639</u>	<u>46,710</u>

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

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (CONTINUED)			
(s) Child Care Reserve			
Opening balance	4,054	4,256	52,179
Amount set aside / transfer to reserve	124	163	1,876
Amount used / transfer from reserve	0	(4,419)	(50,000)
	<u>4,178</u>	<u>0</u>	<u>4,054</u>
(t) CREC Loan Reserve			
Opening balance	2,000,000	2,000,000	0
Amount set aside / transfer to reserve	32,984	46,221	2,000,000
Amount used / transfer from reserve	(2,000,000)	(2,046,221)	0
	<u>32,984</u>	<u>0</u>	<u>2,000,000</u>
TOTAL RESERVES	<u><u>2,865,432</u></u>	<u><u>1,280,891</u></u>	<u><u>6,376,701</u></u>
Total Opening balance	6,376,700	6,390,064	4,236,858
Total Amount set aside / transfer to reserve	182,228	211,865	3,306,458
Total Amount used / transfer from reserve	(3,693,497)	(5,321,038)	(1,166,615)
TOTAL RESERVES	<u><u>2,865,432</u></u>	<u><u>1,280,891</u></u>	<u><u>6,376,701</u></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 2015**

11. RESERVES - CASH BACKED (CONTINUED)

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

- (a)** Employee Entitlement Reserve
 - To be used to fund Employee Leave Entitlement requirements.
- (b)** Community Bus Reserve
 - to be used to fund to continual purchase of a community bus.
- (c)** Staff Housing Reserve
 - to be used for the construction and maintenance of the staff housing.
- (d)** Office Equipment Reserve
 - to be used for the purchase of office equipment.
- (e)** Plant Replacement Reserve
 - to be used for the purchase of major plant items.
- (f)** Swimming Pool Reserve
 - to be used for the construction and maintenance of the swimming pool.
- (g)** Roadworks Reserve
 - to be used to fund the construction of roads within the Shire of Corrigin.
- (h)** Land Subdivision Reserve
 - to be used to fund the installation of infrastructure in a land subdivision.
- (i)** Townscape Reserve
 - to be used for the continual upgrade of facilities as per the townscape plan.
- (j)** Medical Reserve
 - to be used for the continual upgrade of medical facilities within the Shire of Corrigin.
- (k)** LGCHP Housing Reserve
 - to be used to fund the long term maintenance of the joint venture housing the Shire of Corrigin owns with Homeswest.
- (l)** Community Development Reserve
 - to be used for the continual upgrade of various community facilities in Corrigin.
- (m)** Rockview Land Reserve
 - to be used for the development of the Rockview Land Project.
- (n)** Royalties for Regions Reserve
 - to be used to fund identified Royalties for Regions projects as adopted.
- (o)** Financial Assistance Grant Reserve
 - to be used in accordance to the Local Government Grants Commission for funding of operating and capital requirements.
- (p)** Centenary Ceelebration Reserve
 - To be used to fund future projects in conjunction of Corrigin Centenary Celebration.
- (q)** Senior Citizens Units Reserve
 - to be used to fund the construction of Senior Citizen Units.

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

11. RESERVES - CASH BACKED (CONTINUED)

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

- (r)** Town Hall Reserve
 - To be used for the maintenance and upgrade of the Corrigin Town Hall building, fixtures and fittings
- (s)** Child Care Reserve
 - To be used for the provision of child care facilities and services
- (t)** CREC Loan Reserve
 - To be use to fund the construction of the Corrigin Recreation and Events Centre

The leave and plant reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

	2015	2014
	\$	\$
12. REVALUATION SURPLUS		
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	10,714,148	0
Revaluation increment	0	10,714,148
Revaluation decrement	0	0
	<u>10,714,148</u>	<u>10,714,148</u>
(b) Plant and Equipment		
Opening balance	578,660	578,660
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>578,660</u>	<u>578,660</u>
(c) Roads		
Opening balance	0	0
Revaluation increment	90,376,519	0
Revaluation decrement	0	0
	<u>90,376,519</u>	<u>0</u>
(d) Footpaths		
Opening balance	0	0
Revaluation increment	61,789	0
Revaluation decrement	0	0
	<u>61,789</u>	<u>0</u>
(e) Drainage		
Opening balance	0	0
Revaluation increment	10,021,829	0
Revaluation decrement	0	0
	<u>10,021,829</u>	<u>0</u>
(f) Parks and Ovals		
Opening balance	0	0
Revaluation increment	4,176,080	0
Revaluation decrement	0	0
	<u>4,176,080</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>115,929,025</u></u>	<u><u>11,292,808</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>5,157,518</u>	<u>1,280,891</u>	<u>6,828,123</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	3,093,120	3,541,500	1,047,689
Non-cash flows in Net result:			
Depreciation	2,221,830	1,542,371	1,741,565
(Profit)/Loss on sale of asset	(50,217)	25,838	168,561
Fair value adjustments to financial assets at fair value through profit or loss	0	0	183,473
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(25,274)	116,031	184,448
(Increase)/Decrease in inventories	6,486	29,048	(8,577)
Increase/(Decrease) in payables	82,459	(530,861)	(63,606)
Increase/(Decrease) in provisions	75,746	0	33,523
Grants contributions for the development of assets	<u>(2,921,315)</u>	<u>(4,398,300)</u>	<u>(2,340,265)</u>
Net cash from operating activities	<u>2,482,835</u>	<u>325,627</u>	<u>946,811</u>
	2015		2014
	\$		\$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	100,000		100,000
Bank overdraft at balance date	0		0
Credit card limit	40,000		15,000
Credit card balance at balance date	<u>7,283</u>		<u>0</u>
Total amount of credit unused	<u>147,283</u>		<u>115,000</u>
Loan facilities			
Loan facilities - current	147,678		141,850
Loan facilities - non-current	<u>2,101,320</u>		<u>2,246,998</u>
Total facilities in use at balance date	<u>2,248,998</u>		<u>2,388,848</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

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

14. CONTINGENT LIABILITIES

There are no known contingent liabilities at balance date

	2015	2014
	\$	\$

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	2,134,600	0
- plant & equipment purchases	414,860	0

Payable:

- not later than one year	0	0
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The Shire of Corrigin has contracted Perkins Pty Ltd for the construction of the Corrigin Recreation and Events Centre. The value of the contract is \$5,927,676. Payments of \$3,793,076 has been made to date, with the remaining \$2,134,600 to be made in 2015/2016 Council had made an budget allowance for the replacement of a Prime Mover, Roller and Skidsteer in the 2014/2015 budget. Supplier and payment of the plant will occur in 2015/2016.

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

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, Bendinger Waste site and miscellaneous equipment.

	2015 \$	2014 \$
Non-current assets		
Plant and machinery	62,663	29,974
Less: accumulated depreciation	<u>(15,838)</u>	<u>(12,461)</u>
	<u>46,825</u>	<u>17,513</u>
Furniture and equipment	7,614	7,614
Less: accumulated depreciation	<u>(7,614)</u>	<u>0</u>
	<u>0</u>	<u>7,614</u>
Land and Buildings	15,750	0
Less: accumulated depreciation	<u>(755)</u>	<u>0</u>
	<u>14,995</u>	<u>0</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015 \$	2014 \$
Governance	135,914	170,680
General purpose funding	1,979,714	102,129
Law, order, public safety	689,020	695,029
Health	906,162	911,441
Education and welfare	1,982,085	2,049,038
Housing	3,833,217	3,961,557
Community amenities	1,522,297	1,673,218
Recreation and culture	14,232,057	9,100,702
Transport	120,877,720	19,021,395
Economic services	747,281	784,707
Other property and services	3,831,518	4,521,309
Unallocated	<u>3,669,197</u>	<u>3,667,288</u>
	<u>154,406,182</u>	<u>46,658,493</u>

SHIRE OF CORRIGIN
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	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	1.28	1.05	1.08
Asset sustainability ratio	3.12	1.62	1.88
Debt service cover ratio	9.96	4.62	7.31
Operating surplus ratio	0.06	(0.31)	(0.06)
Own source revenue coverage ratio	0.44	(0.56)	0.60

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

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

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
B.C.I.T.F	172	773	(843)	102
BRB	211	1,370	(1,434)	147
Bus Ticketing	392	3,879	(4,009)	262
Police Licensing	8,866	723,384	(729,844)	2,406
Single Persons Units - Bonds	308	0	0	308
Corrigin Community Development Fund	35,177	18,070	(1,640)	51,607
Friends of the Cemetery	2,510	0	0	2,510
Edna Stevenson Educational Trust	925,284	17,516	(5,377)	937,423
Corrigin Disaster Fund	10,929	0	0	10,929
Facility Bonds	1,250	369	(244)	1,375
Council Nomination Bonds	320	0	(320)	0
Building Bonds	2,000	2,000	(4,000)	0
	<u>987,419</u>			<u>1,007,069</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health						
Doctors Vehicle	15,500	26,269	15,509	15,500	9	(10,769)
Transport						
Tipper - CR3	18,651	26,668	36,175	36,175	17,524	9,507
Tipper - CR16	17,688	25,840	24,339	26,772	6,651	932
Tipper - CR5	38,745	52,425	38,122	38,122	(623)	(14,303)
Grader - CR26	57,167	74,686	82,000	74,545	24,833	(141)
Crew Cab - CR18	22,000	19,214	9,035	9,035	(12,965)	(10,179)
Loader - CR14	88,441	79,876	93,000	84,545	4,559	4,669
Tipper - CR23	0	13,819	0	15,000	0	1,181
Prime Mover - CR950	0	46,255	0	50,000	0	3,745
Skidsteer - CR13	24,500	16,298	17,500	25,000	(7,000)	8,702
Roller - CR28	0	2,400	0	5,000	0	2,600
Toro Z Master	2,500	0	7,273	0	4,773	0
Other property and services						
Utility - CR565	11,415	18,288	15,455	17,500	4,040	(788)
356 Husqvana	0	0	0	100	0	100
Sthil MS210	0	0	0	100	0	100
Vehicle - 1CR	39,979	57,660	40,909	40,000	930	(17,660)
Vehicle - 2CR	19,000	36,414	25,682	19,000	6,682	(17,414)
Portable PA	0	0	804	0	804	0
Granite Rise Land	0	36,120	0	50,000	0	13,880
	<u>355,586</u>	<u>532,232</u>	<u>405,803</u>	<u>506,394</u>	<u>50,217</u>	<u>(25,838)</u>
					Profit	70,805
					Loss	(20,588)
						<u>50,217</u>
						<u>(25,838)</u>

SHIRE OF CORRIGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community amenities								
Loan 101 - Land Subdivision	388,850	0	77,381	77,381	311,469	311,469	19,614	23,451
Recreation and culture								
Loan -102 - CREC	2,000,000	0	62,469	62,469	1,937,531	1,937,531	92,060	92,084
	2,388,850	0	139,850	139,850	2,249,998	2,249,000	111,674	115,535

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

All other loan repayments were financed by general purpose revenue.

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

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

(c) Unspent Debentures

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

(d) Overdraft

Council established an overdraft facility of \$100,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2014 and 30 June 2015 was \$nil.

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

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Non Rateable		149	131,614	0	0	0	0	0	0	0	0
GRV	0.0752	411	4,218,728	317,405	(1,275)	0	316,130	317,405	0	0	317,405
Unimproved value valuations											
UV	0.0155	341	119,637,962	1,858,626	3,387	0	1,862,013	1,858,626	0	0	1,858,626
Sub-Totals		901	123,988,304	2,176,031	2,112	0	2,178,143	2,176,031	0	0	2,176,031
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Corrigin	345	49	91,096	16,905	690	0	17,595	16,905	0	0	16,905
GRV - Other	170	11	2,780	1,870	0	0	1,870	1,870	0	0	1,870
Unimproved value valuations											
UV	345	9	11,982	3,105	0	0	3,105	3,105	0	0	3,105
Sub-Totals		69	105,858	21,880	690	0	22,570	21,880	0	0	21,880
Discounts/concessions (refer note 25)							2,200,713				2,197,911
Total amount raised from general rate							(85,511)				(78,176)
Specified Area Rate (refer note 23)							2,115,202				2,119,735
Totals							0				0
							2,115,202				2,119,735

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

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>1,743,142</u>	<u>46,656</u>	<u>46,656</u>
Comprises:			
Cash and cash equivalents			
Unrestricted	757,486	421,421	421,421
Restricted	4,400,032	6,406,702	6,406,702
Receivables			
Rates outstanding	58,006	51,086	51,086
Sundry debtors	78,135	61,681	61,681
Unclaimed Monies	0	(270)	(270)
Provision for Doubtful Debts	(2,000)	(2,000)	(2,000)
ESL Receivable	4,367	1,867	1,867
Inventories			
Fuel and materials	52,562	59,048	59,048
Land held for resale - cost			
Cost of acquisition	50,000	50,000	50,000
Less:			
Trade and other payables			
Sundry creditors	(22,900)	(67,990)	(67,990)
Accrued interest on debentures	(8,968)	(13,323)	(13,323)
Accrued salaries and wages	(34,861)	(26,922)	(26,922)
ATO liabilities	(129,033)	(55,859)	(55,859)
Accrued Liabilities	(108,488)	(57,700)	(57,700)
Current portion of long term borrowings			
Secured by floating charge	(147,678)	(141,850)	(141,850)
Provisions			
Provision for annual leave	(235,486)	(203,291)	(203,291)
Provision for long service leave	(207,808)	(159,493)	(159,493)
Net current assets	<u>4,503,366</u>	<u>6,323,107</u>	<u>6,323,107</u>
Less:			
Reserves - restricted cash	(2,865,432)	(6,376,702)	(6,376,702)
Land held for resale - cost			
Cost of acquisition	(50,000)	(50,000)	(50,000)
Add:			
Secured by floating charge	147,678	141,850	141,850
Rates - Pensioners	7,530	7,530	7,530
Trust Liability	0	870	870
Surplus/(deficit)	<u>1,743,142</u>	<u>46,656</u>	<u>46,656</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

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

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

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

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	85,511	78,176
Rates Write Off	Write Off		449	0
Debtors Write Off	Write Off		6	0
			<u>85,966</u>	<u>78,176</u>

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	8,930	2,500
Interest on instalments plan	5.50%	0	4,117	2,000
Charges on instalment plan		\$ 10	3,150	2,500
			<u>16,197</u>	<u>7,000</u>

27. FEES & CHARGES	2015 \$	2014 \$
Governance	0	109
General purpose funding	31,164	26,785
Law, order, public safety	9,692	8,877
Health	25,752	12,464
Education and welfare	31,175	36,885
Housing	94,656	97,815
Community amenities	159,510	162,905
Recreation and culture	33,739	39,839
Transport	33,151	31,990
Economic services	62,672	65,414
Other property and services	108,363	73,083
	<u>589,874</u>	<u>556,166</u>

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

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

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	3,751,291	1,776,745
Non-operating grants, subsidies and contributions	<u>2,921,315</u>	<u>2,340,265</u>
	<u><u>6,672,606</u></u>	<u><u>4,117,011</u></u>
By Program:		
Governance	1,027	25,765
General purpose funding	3,490,632	844,255
Law, order, public safety	31,001	329,658
Health	231,917	138,142
Education and welfare	137,842	114,066
Community amenities	64,523	2,000
Recreation and culture	1,176,085	70,532
Transport	1,456,516	2,441,395
Economic services	0	5,455
Other property and services	<u>83,062</u>	<u>145,744</u>
	<u><u>6,672,605</u></u>	<u><u>4,117,011</u></u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

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

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	29,568	28,000	29,568
President's allowance	7,500	7,500	7,500
Deputy President's allowance	1,960	1,875	1,960
Travelling expenses	1,018	2,001	1,018
Telecommunications allowance	<u>6,045</u>	<u>7,000</u>	<u>6,045</u>
	<u><u>46,091</u></u>	<u><u>46,376</u></u>	<u><u>46,091</u></u>

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

31. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2014/15.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2014/2015 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,157,518	6,828,123	5,157,518	6,828,123
Receivables	146,038	120,764	148,038	122,764
	<u>5,303,556</u>	<u>6,948,887</u>	<u>5,305,556</u>	<u>6,950,887</u>
Financial liabilities				
Payables	304,250	221,794	304,249	221,791
Borrowings	2,248,998	2,388,848	1,445,551	1,438,807
	<u>2,553,248</u>	<u>2,610,642</u>	<u>1,749,800</u>	<u>1,660,598</u>

Fair value is determined as follows: □

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	515,752	682,812
- Statement of Comprehensive Income	515,752	682,812
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	51,575	68,281
- Statement of Comprehensive Income	51,575	68,281

Notes:

⁽¹⁾ 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 2015**

33. 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:

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	92%	0%
- Overdue	8%	100%

SHIRE OF CORRIGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	304,250	0	0	304,250	304,250
Borrowings	254,972	869,257	2,318,288	3,442,517	2,248,998
	<u>559,222</u>	<u>869,257</u>	<u>2,318,288</u>	<u>3,746,767</u>	<u>2,553,248</u>
<u>2014</u>					
Payables	223,060	0	0	223,060	221,794
Borrowings	179,124	401,676	50,209	631,009	2,388,848
	<u>402,184</u>	<u>401,676</u>	<u>50,209</u>	<u>854,069</u>	<u>2,610,642</u>

**SHIRE OF CORRIGIN
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33. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	(311,467)	(1,937,531)	(2,248,998)	4.90%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	6.23%	4.64%		
<u>Year ended 30 June 2014</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	(388,848)	(2,000,000)	(2,388,848)	4.90%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	6.23%	4.64%		

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

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 2015, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2015, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

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 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 Auditing 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 judgment, including the assessment of the risks and material misstatements 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 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 controls. 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.

Independence

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

Opinion

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

- i. gives a true and fair view of the Shire of Corrigin's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are 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 noted during the course of our audit, with exception of the following:
 - Furniture and equipment assets have not been recorded at fair value at 30 June 2015, thereby representing a breach of Regulation 17A of the Local Government (Financial Management) Regulations 1996; and
- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions, with exception of the following:
 - The asset renewal funding ratio has been calculated based on seven years of projected data rather than ten years, thereby representing a breach of Regulation 50(2) of the Local Government (Financial Management) Regulations 1996.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



MARIA CAVALLO
Partner

Bunbury, Western Australia

Dated this 15th day of December 2015

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

RATIO INFORMATION

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

	2015	2014	2013
Asset consumption ratio	0.983	0.444	0.44
Asset renewal funding ratio	0.134	0.38	0.38

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