



SHIRE OF COOLGARDIE

ATTACHMENTS

OF THE

AUDIT COMMITTEE MEETING

14 February 2017

6.00pm

Kambalda

5.3 Management Report

MOORE STEPHENS

22 April 2016

The Shire President
Shire of Coolgardie
PO Box 138
KAMBALDA WA 6442

Dear Cr Cullen

SHIRE OF COOLGARDIE	
RECORD No	ICRIS854
OFFICER	MAS CEO
28 APR 2016	
FILE No	D8 Vol 14
ACTION DATE	

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MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2015

We advise that we have completed our audit procedures for the year ended 30 June 2015 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

YEAR END AUDIT READINESS AND EFFICIENCY

As you are aware, we conducted our year-end visit from 27th to 29th November 2015 as scheduled.

We again found our audit requirements (requested in advance) had not been fully met at the time of our audit visit. The accounts were far from fully reconciled and the annual financial report was not completed. Staff experienced difficulties, from what appeared to be capacity constraints, in reconciling/finalising transactions and balances for annual financial reporting purposes.

Whilst we were able to complete most of our necessary audit procedures onsite, a significant amount of audit testing (including the review of the complete financial report and the testing of fair value accounting for infrastructure assets as required by Financial Management Regulation 17A) was outstanding at the completion of our visit. We were only able to complete and finalise procedures remotely from our office in the period January to April 2016 after further reconciliations and additional information was provided to us.

As is obvious by the time taken to finalise the report, the process has been far from efficient. This has resulted in a late audit report and increased costs.

Not only does it impact on the efficiency of the audit process, it also reflects on the efficiency of the Shire as a whole as it compromises the delivery of meaningful, accurate and timely management information.

In addition, this point has been raised in previous management letters (2011, 2012, 2013 and 2014) and we are concerned given it appears to be an ongoing trend.

This seriously undermined the financial management practices of the Shire. Consequently, we found it necessary to highlight this matter in our audit report.

To ensure this situation is rectified and does not present itself again, key reconciliations and accounting processes should be identified and sufficient accounting resources be allocated to the process with the goal of meeting the 31 December deadline for having the audited Financial Report completed and sent to the Department.

COMMENT ON RATIOS

Ratios provide useful information when compared to industry and internal benchmarks and assist in identifying trends. Whilst not conclusive in themselves, understanding ratios, their trends and how they interact is beneficial for the allocation of scarce resources and planning for the future. Information relating to these ratios is summarised in the table below and commentary provided on the following pages.

	Target Ratio ¹	Shire's Adjusted Ratios					Shire's 4-Year Trend ²	3 Year Average ³	
		Actual 2015	2015	2014	2013	2012		Regional	State
Current Ratio	≥ 1	1.59	1.15*	1.33*	1.09	1.90	↓	3.11	2.16
Asset Sustainability Ratio	≥ 1.1	0.54	0.54	0.62	0.56	0.52	↓	1.30	1.29
Debt Service Cover Ratio	≥ 15	0.46	2.72*	7.84*	1.72	7.52	↓	19.91	14.43
Operating Surplus Ratio	≥ 0.15	(0.52)	(0.42)*	(0.15)*	(0.47)	(0.16)	↓	0.05	0.04
Own Source Revenue Coverage Ratio	≥ 0.9	0.56	0.62*	0.74	0.58	0.74	↓	0.63	0.69
Asset Consumption Ratio	≥ 0.75	0.89	0.89	0.68	0.65	N/A	↑	0.65	0.68
Asset Renewal Funding Ratio	≥ 1.05	N/A	N/A	N/A	N/A	N/A	↔	0.40	0.88

¹ Target ratios per Department of Local Government and Communities (DLGC) Guidelines except the Debt Service Ratio which is a target devised by Moore Stephens (and based on experience). For information, DLGC Guidelines indicate a target Debt Service Cover Ratio of 5.

² The 4-year trend compares the adjusted 2015 ratio to the average of the adjusted ratios for last 4 years (except for the Asset Consumption and Asset Renewal Funding Ratios which are a 3-year trend).

³ The average in relation to the Regional and State comparisons is a 3 year average of 2012, 2013 and 2014.

* Adjusted for "one-off" timing/ non-cash items.

Adjustments relating to 2015

Four of the ratios in the accompanying table have been adjusted for "one off" timing/non-cash items as follows:

- Operating revenue was distorted by the early payment of 2015/16 Financial Assistance Grants (FAGs) totaling \$534,292.
- Operating expenses were distorted by the loss on revaluation of other infrastructure assets amounting to \$1,398,131.

All of these amounts were adjusted when calculating the ratios in the above table (as shown by "**") as were comparative year ratios which had also been affected by similar "one off" / "Non-cash" items.

Regional and State 3 Year Averages

Regional and State 3 year averages have not been adjusted for these items even though "one-off" items may have been applicable in prior years as they are based on the statutory ratios which have been reported in published financial reports. However, they still provide a useful reference point as they are indicative of the trend.

COMMENT ON RATIOS (CONTINUED)

Commentary on specific ratios

• **Debt Service Cover Ratio**

This ratio has deteriorated from prior years and is trending downward. In addition, it is well below both the Regional and State 3 year averages.

The Debt Service Cover Ratio measures the Shire's ability to service debt out of its uncommitted or general purpose funds available from its operations.

Whilst we acknowledge the overall level of borrowings has increased since 2013/2014 financial year, the deterioration and downward trend in the ratio have also occurred as a result of a decreasing operating surplus (before interest and depreciation) (refer to comments in Operating Surplus Ratio below).

Our review of the Shire's 2015/2016 budget indicates the Shire's operating revenue (after adjusting for the early payment of 2015/2016 Financial Assistance Grants) is forecast to be about the same level as the 2014/2015 audited actuals.

In order to help ensure the continued sustainability and financial wellbeing of the Shire, both Council and Management will need to consider ways to improve the operating position in the medium term. This is either via increasing revenue or by decreasing expenditure (or a combination of both).

• **Operating Surplus Ratio**

This ratio is below the target level and both Regional and State 3 year averages. Moreover, it is trending downwards and has been in negative territory for the last four years.

Analysis of the Shire's Statement of Comprehensive Income (after adjustments are factored in) for the year ended 30 June 2015 indicates the main reason for the downward trend of the ratio relates to the decreases in operating revenues (in particular fees and charges, and operating grants, subsidies and contributions including reimbursements and recoveries). A reduction in the level of capital works undertaken during 2014/2015 applied added pressure to this ratio as it maintained costs at the same level as prior years, even though revenue fell.

A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode the Shire's ability to service debt and maintain both its operational service level and asset base over the longer term whilst a positive ratio which is consistently above 0.15 provides the Shire with greater flexibility in meeting operational service levels, asset management requirements and coping with financial "shocks".

To help alleviate the continued erosion of this ratio, once again, both Council and Management will need to consider ways to improve the operating position. This will also be dependent upon the Council and management understanding the circumstances and the interaction own source revenue has on other ratios and operations in general.

• **Asset Sustainability Ratio**

This ratio has deteriorated somewhat from prior years which put a halt to the previous upward trend and is currently trending downwards. In addition, it is below the target level and both Regional and State 3 year averages.

A review of the Shire's capital expenditure during the year ended 30 June 2015 indicates a reduction in capital renewal expenditure when compared to last year. This was mainly due to some of the Shire's capital replacement programs were not able to be carried out during the year as budgeted.

These programs are being deferred to 2015/2016 financial year and may be a reason for short term fluctuations. Review of the Shire's 2015/2016 budget indicates an expected increase in capital expenditure relating to infrastructure assets.

COMMENT ON RATIOS (CONTINUED)

Commentary on specific ratios (Continued)

• **Asset Sustainability Ratio (Continued)**

Another reason for the deterioration in this ratio was the increase in depreciation expense following the revaluation of land and buildings (during the year ended 30 June 2014).

With the revaluation of infrastructure assets (during the current year ended 30 June 2015), the resultant effect the depreciation expense will have on this ratio following the revaluation will also need to be monitored.

Interpretation of this ratio should also be considered together with the Asset Consumption Ratio (above target at 0.89) and the Asset Renewal Funding Ratio (currently cannot be calculated).

A final point is the interpretation of these ratios is much improved if they are calculated as an average over time (at least 5 years) as this reduces skewing by large-scale intermittent investment in major infrastructure.

• **Asset Renewal Funding Ratio**

This ratio indicates whether Shire's planned capital renewal expenditure over the next 10 years as per its Long Term Financial Plan (LTFP) is sufficient to meet the required capital renewal expenditure over the next 10 years as per its Asset Management Plans (AMPs).

For the year ended 30 June 2015, this ratio was again not calculated (as was the case for the years ended 30 June 2014 and 30 June 2013 respectively).

As mentioned in our previous years' management report, It was not possible to calculate this ratio as the Shire's current LTFP did not have yearly totals of planned capital renewal expenditure for each of the 10 years forecasted. This information is necessary for the calculation of the net present value of the planned capital renewal expenditure required by the ratio.

To enable proper calculation of this ratio and to help identify gaps between planned and required capital expenditure, Council should consider updating the Shire's LTFP with yearly totals of the planned capital renewal expenditure forecasted.

Summary

This year, whilst three ratios are above acceptable levels, we note five (with the exception of the Assets Consumption and Assets Renewal Funding ratios) of the seven ratios do appear to be trending downwards. In particular, the Debt Service Cover ratio is well below the target level and the Operating Surplus ratio has been in negative territory for the last four years. Targeting ways to improve these ratios should be an important consideration in managing the future financial wellbeing of the Shire.

We also would like to take this opportunity to stress one-off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the Shire. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.

We will continue to monitor the financial position and ratios in future financial years and suggest it is prudent for Council and management to do so also as they strive to manage the scarce resources of the Shire.

If the Shire requires, we have a report available which is able to compare your ratios against other Local Governments across the State and by Region. The report is also able to incorporate a selection of your peer Local Governments, whether they be of near neighbours or similar type in nature. This may be of particular relevance in your case as you are included in the Goldfields region when comparison to other, more similar local governments, may be more relevant.

If you are interested in such an expanded report, please contact us.

We noted no other matters we wish to bring to your attention.

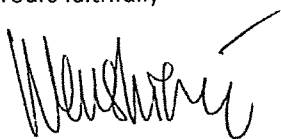
UNCORRECTED MISSTATEMENTS

We advise there were no uncorrected misstatements noted during the course of our audit.

We take this opportunity to thank all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



WEN-SHIEN CHAI
PARTNER

Encl.

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF COOLGARDIE

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Coolgardie, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

Opinion

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b complying with Australian Accounting Standards (including Australian Accounting Interpretations).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act (as amended) 1995 and Local Government (Financial Management) Regulations 1996 (as amended):

Submission of Financial Report

The accounts and financial report for the year ended 30 June 2015 were not submitted to the auditor by 30 September 2015 as required by Section 6.4(3) of the Act.

Annual Budget

A copy of the annual budget for the year ended 30 June 2015 was not submitted to the Department of Local Government and Communities within 30 days of its adoption as required by Financial Management Regulation 33.

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

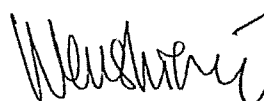
- a) There are no matters that in our opinion indicate significant adverse trends in the financial position of the Shire.

In respect of the financial management practices of the Shire, we noted the audit in respect of the year ended 30 June 2015 was considerably delayed and far from efficient. This was a direct result of insufficient accounting resources being available to the year-end accounting process. This reflects on the efficiency of the Shire as a whole as it compromises the delivery of meaningful, accurate and timely management information.

- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 59 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
- i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Signed at Perth this 22nd April 2016

MOORE STEPHENS
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

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

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Principal place of business:
Address
Irish Mulga Drive
Kambalda WA 6442

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the day of 2017

Mr James Trail
Acting Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	6,045,812	6,239,976	5,604,572
Operating grants, subsidies and contributions	30	832,645	1,426,186	1,937,474
Fees and charges	29	1,988,014	1,132,357	1,824,356
Interest earnings	2(a)	393,124	445,000	347,087
Other revenue	2(a)	662,666	35,000	148,804
		<u>9,922,261</u>	<u>9,278,519</u>	<u>9,862,293</u>
Expenses				
Employee costs		(4,033,697)	(4,234,399)	(4,090,630)
Materials and contracts		(924,049)	(2,627,038)	(2,420,921)
Utility charges		(628,132)	(719,154)	(702,618)
Depreciation on non-current assets	2(a)	(1,798,062)	(4,418,621)	(4,235,027)
Interest expenses	2(a)	(83,406)	(102,466)	(108,406)
Insurance expenses		(165,169)	(196,849)	(366,116)
Other expenditure		(315,484)	(434,390)	(595,899)
		<u>(7,947,999)</u>	<u>(12,732,917)</u>	<u>(12,519,617)</u>
		1,974,262	(3,454,398)	(2,657,324)
Non-operating grants, subsidies and contributions	30	2,584,602	5,743,612	1,590,330
Profit on asset disposals	21	0	151,512	4,136
(Loss) on asset disposals	21	(171,316)	(127,105)	(91,337)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(1,398,131)
Net result		4,387,548	2,313,621	(2,552,326)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	0	0	337,216,722
Total other comprehensive income		0	0	337,216,722
Total comprehensive income		4,387,548	2,313,621	334,664,396

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		0	5,000	0
General purpose funding		7,115,973	7,488,112	7,560,739
Law, order, public safety		26,721	8,000	25,792
Health		10,179	10,600	9,888
Education and welfare		234,276	227,422	315,344
Housing		93,824	72,200	115,378
Community amenities		1,406,877	876,309	1,096,458
Recreation and culture		261,079	282,825	295,208
Transport		295,429	157,900	276,460
Economic services		38,822	52,765	59,032
Other property and services		439,081	97,386	107,994
		<u>9,922,261</u>	<u>9,278,519</u>	<u>9,862,293</u>
Expenses	2(a)			
Governance		(731,201)	(874,586)	(772,540)
General purpose funding		(211,763)	(250,872)	(108,750)
Law, order, public safety		(146,291)	(170,858)	(258,788)
Health		(143,072)	(217,058)	(142,082)
Education and welfare		(305,626)	(408,936)	(336,376)
Housing		(172,538)	(249,566)	(316,570)
Community amenities		(1,697,459)	(1,465,136)	(1,800,963)
Recreation and culture		(2,193,265)	(3,566,300)	(3,178,340)
Transport		(1,196,533)	(3,778,013)	(3,915,232)
Economic services		(500,297)	(570,904)	(757,370)
Other property and services		(566,548)	(1,078,223)	(824,199)
		<u>(7,864,593)</u>	<u>(12,630,452)</u>	<u>(12,411,210)</u>
Finance costs	2(a)			
Housing		(1,403)	(748)	(1,806)
Community amenities		(3,008)	(3,392)	(4,048)
Recreation and culture		(58,728)	(73,140)	(76,952)
Economic services		(20,267)	(25,186)	(25,601)
		<u>(83,406)</u>	<u>(102,466)</u>	<u>(108,407)</u>
		1,974,262	(3,454,399)	(2,657,324)
Non-operating grants, subsidies and contributions	30	2,584,602	5,743,612	1,590,330
Profit on disposal of assets	21	0	151,512	4,136
(Loss) on disposal of assets	21	(171,316)	(127,105)	(91,337)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(1,398,131)
		<u>0</u>	<u>0</u>	<u>0</u>
Net result		<u>4,387,548</u>	<u>2,313,620</u>	<u>(2,552,326)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	0	0	337,216,722
Total other comprehensive income		<u>0</u>	<u>0</u>	<u>337,216,722</u>
Total comprehensive income		<u>4,387,548</u>	<u>2,313,620</u>	<u>334,664,396</u>

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

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

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,406,258	5,033,573
Trade and other receivables	4	2,144,456	1,542,472
Inventories	5	8,395	10,573
TOTAL CURRENT ASSETS		<u>7,559,109</u>	<u>6,586,618</u>
NON-CURRENT ASSETS			
Other receivables	4	52,813	52,813
Property, plant and equipment	6	33,794,296	33,504,946
Infrastructure	7	389,917,832	387,043,872
TOTAL NON-CURRENT ASSETS		<u>423,764,941</u>	<u>420,601,631</u>
TOTAL ASSETS		<u>431,324,050</u>	<u>427,188,249</u>
CURRENT LIABILITIES			
Trade and other payables	8	753,284	663,212
Current portion of long term borrowings	9	316,406	331,653
Provisions	10	257,484	262,654
TOTAL CURRENT LIABILITIES		<u>1,327,174</u>	<u>1,257,519</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,030,017	1,346,539
Provisions	10	132,021	136,901
TOTAL NON-CURRENT LIABILITIES		<u>1,162,038</u>	<u>1,483,440</u>
TOTAL LIABILITIES		<u>2,489,212</u>	<u>2,740,959</u>
NET ASSETS		<u>428,834,838</u>	<u>424,447,290</u>
EQUITY			
Retained surplus		75,853,418	71,477,726
Reserves - cash backed	12	3,661,862	3,650,006
Revaluation surplus	13	349,319,558	349,319,558
TOTAL EQUITY		<u>428,834,838</u>	<u>424,447,290</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		73535227	4144831	12102836	89782894
Comprehensive income					
Net result		(2,552,326)	0	0	(2,552,326)
Changes on revaluation of assets	13	<u>0</u>	<u>0</u>	<u>337,216,722</u>	<u>337,216,722</u>
Total comprehensive income		(2,552,326)	0	337,216,722	334,664,396
Transfers from/(to) reserves		494,825	(494,825)	0	0
Balance as at 30 June 2015		71,477,726	3,650,006	349,319,558	424,447,290
Comprehensive income					
Net result		4,387,548	0	0	4,387,548
Changes on revaluation of assets	13	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income		4,387,548	0	0	4,387,548
Transfers from/(to) reserves		(11,856)	11,856	0	0
Balance as at 30 June 2016		<u>75,853,418</u>	<u>3,661,862</u>	<u>349,319,558</u>	<u>428,834,838</u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,637,189	7,001,198	5,166,233
Operating grants, subsidies and contributions		697,326	1,426,186	2,101,443
Fees and charges		1,988,014	1,132,357	1,824,356
Service charges		0	0	0
Interest earnings		393,124	445,000	347,087
Goods and services tax		601,936	0	555,323
Other revenue		662,666	35,000	77,533
		<u>9,980,255</u>	<u>10,039,741</u>	<u>10,071,975</u>
Payments				
Employee costs		(4,017,391)	(4,234,399)	(3,971,451)
Materials and contracts		(855,812)	(2,246,177)	(2,467,314)
Utility charges		(628,132)	(719,154)	(702,618)
Interest expenses		(85,749)	(102,466)	(111,927)
Insurance expenses		(165,169)	(196,849)	(366,116)
Goods and services tax		(659,978)	0	(567,755)
Other expenditure		(315,484)	(434,390)	(575,297)
		<u>(6,727,715)</u>	<u>(7,933,435)</u>	<u>(8,762,478)</u>
Net cash provided by (used in) operating activities	14(b)	<u>3,252,540</u>	<u>2,106,306</u>	<u>1,309,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,594,388)	(1,993,138)	(907,699)
Payments for construction of infrastructure		(2,873,960)	(6,347,656)	(1,445,348)
Non-operating grants, subsidies and contributions		2,584,602	5,743,612	1,590,330
Proceeds from sale of fixed assets		335,660	424,000	152,732
Net cash provided by (used in) investment activities		<u>(2,548,086)</u>	<u>(2,173,182)</u>	<u>(609,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(331,769)	(319,644)	(330,860)
Proceeds from self supporting loans		0	0	22,613
Net cash provided by (used in) financing activities		<u>(331,769)</u>	<u>(319,644)</u>	<u>(308,247)</u>
Net increase (decrease) in cash held		372,685	(386,520)	391,265
Cash at beginning of year		5,033,573	5,028,510	4,642,308
Cash and cash equivalents at the end of the year	14(a)	<u><u>5,406,258</u></u>	<u><u>4,641,990</u></u>	<u><u>5,033,573</u></u>

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

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

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	2,409,356	1,093,770	1,136,494
	<u>2,409,356</u>	<u>1,093,770</u>	<u>1,136,494</u>
Revenue from operating activities (excluding rates)			
Governance	0	5,000	0
General purpose funding	1,070,161	1,578,389	1,956,167
Law, order, public safety	26,721	8,000	25,792
Health	10,179	10,600	9,888
Education and welfare	234,276	227,422	315,344
Housing	93,824	72,200	115,378
Community amenities	1,406,877	876,309	1,096,458
Recreation and culture	261,079	282,825	295,208
Transport	295,429	224,412	276,460
Economic services	38,822	137,765	63,168
Other property and services	439,081	97,386	107,994
	<u>3,876,449</u>	<u>3,520,308</u>	<u>4,261,857</u>
Expenditure from operating activities			
Governance	(731,201)	(874,586)	(772,540)
General purpose funding	(211,763)	(250,872)	(1,506,881)
Law, order, public safety	(146,291)	(170,858)	(258,788)
Health	(143,072)	(217,058)	(142,082)
Education and welfare	(305,626)	(408,936)	(336,376)
Housing	(243,108)	(338,814)	(371,259)
Community amenities	(1,700,467)	(1,468,528)	(1,805,011)
Recreation and culture	(2,251,993)	(3,639,440)	(3,255,292)
Transport	(1,196,533)	(3,816,618)	(3,953,686)
Economic services	(622,713)	(596,090)	(782,971)
Other property and services	(566,548)	(1,078,223)	(824,199)
	<u>(8,119,315)</u>	<u>(12,860,023)</u>	<u>(14,009,085)</u>
Operating activities excluded from budget			
(Profit) on disposal of assets	21	0	(151,512)
Loss on disposal of assets	21	171,316	127,105
Movement in deferred pensioner rates (non-current)		0	0
Loss on revaluation of fixed assets		0	0
Other adjustments		(136,562)	0
Movement in employee benefit provisions		(10,050)	0
Movement in accrued interest and salaries and wages		0	0
Depreciation and amortisation on assets	2(a)	1,798,062	4,418,621
Amount attributable to operating activities		<u>(10,744)</u>	<u>(3,851,731)</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions		2,584,602	5,743,612
Proceeds from disposal of assets	21	335,660	424,000
Purchase of property, plant and equipment	6(b)	(2,594,388)	(1,993,138)
Purchase and construction of infrastructure	7(b)	(2,873,960)	(6,347,656)
Amount attributable to investing activities		<u>(2,548,086)</u>	<u>(2,173,182)</u>
FINANCING ACTIVITIES			
Repayment of debentures	22(a)	(331,769)	(319,644)
Proceeds from self supporting loans		0	0
Transfers to reserves (restricted assets)	12	(11,856)	(1,598,317)
Transfers from reserves (restricted assets)	12	0	1,964,919
Amount attributable to financing activities		<u>(343,625)</u>	<u>46,958</u>
Surplus(deficiency) before general rates		<u>(2,902,455)</u>	<u>(5,977,955)</u>
Total amount raised from general rates	23	<u>6,045,812</u>	<u>5,997,723</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>3,143,357</u></u>	<u><u>19,768</u></u>
		<u><u>2,409,356</u></u>	<u><u>1,136,494</u></u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance. Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Market approach

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
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**SHIRE OF COOLGARDIE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.
Shire of Coolgardie Audit Committee Meeting Attachments 14 February 2017

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

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

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense and revenue		
The significant expense in 2015 relates to the provision for write off of rates raised in Coolgardie that are unlikely to be recovered.	0	242,806
Auditors remuneration		
- Audit of the Annual Financial Report	14,552	20,779
- Other Services	43,989	3,850
	58,541	24,629
Depreciation		
Buildings - non-specialised	1,661,708	44,663
Buildings - specialised	0	768,731
Furniture and equipment	136,354	139,144
Plant and equipment	0	344,471
Infrastructure - roads	0	2,453,544
Infrastructure - footpaths	0	39,119
Infrastructure - drainage	0	3,921
Infrastructure - parks and ovals	0	107,877
Infrastructure - other	0	258,794
Infrastructure - Sewerage	0	74,763
	1,798,062	4,235,027
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	83,406	108,406
	83,406	108,406
Rental charges		
- Operating leases	66,827	73,380
	66,827	73,380
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	187,333	122,127
Other	475,333	26,677
	662,666	148,804
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		2015
- Reserve funds	125,116	Actual
- Other funds	7,468	\$
Other interest revenue (refer note 28)	260,540	72,156
	393,124	27,392
	445,000	247,539
	445,000	347,087

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

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 for 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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

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 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 resources which will help the social well being of the community.

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

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 the shires overheads operating accounts.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
Grant/Contribution	Function/ Activity	1/07/14	2014/15	2014/15	30/06/15	2015/16	2015/16	30/06/16
		\$	\$	\$	\$	\$	\$	\$
Kambalda CRC Operating	Education	13,027	118,000	(118,000)	13,027	121,658	(133,377)	1,308
Kambalda CRC Website	Education	0	2,000	0	2,000	0	(2,000)	0
Youth DOAG	Education	16,666	0	0	16,666	0	(16,666)	0
DLG Cat Act Grant	Law, Order & Public Safety	10,368	0	(1,892)	8,476	0	(6,175)	2,301
Coolgardie CRC Old CRC	Education	35,534	0	0	35,534	0	(23,821)	11,713
Coolgardie CRC Operating	Education	10,312	113,000	(119,419)	3,893	85,573	(89,466)	0
Coolgardie CRC Website	Education	0	2,000	0	2,000	0	(2,000)	0
CLGF Post Office	Economic Services	0	477,933	(12,039)	465,894	6,318	(384,962)	87,250
Kambalda CRC	Education	0	13,027	(472)	12,555	0	0	12,555
Roads to Recovery (R2R)	Transport	0	0	0	0	637,484	(411,589)	225,895
Total		85,907	725,960	(251,822)	560,045	851,033	(1,070,056)	341,022

Notes:

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

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

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

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,048,796	381,695
Restricted		<u>4,357,462</u>	<u>4,651,878</u>
		<u><u>5,406,258</u></u>	<u><u>5,033,573</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant reserve	12	539,700	539,700
Land and building reserve	12	302,532	302,532
Airport reserve	12	504,366	504,366
Landfill reinstatement	12	712,197	712,197
Sewerage	12	210,749	210,749
Community and recreation	12	310,515	310,515
IT and communications	12	93,832	93,832
Road construction and maintenance	12	987,972	976,115
Unspent grants	2(c)	341,022	560,045
Unspent loans	22(c)	<u>441,827</u>	<u>441,827</u>
		<u><u>4,444,712</u></u>	<u><u>4,651,878</u></u>

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

	2016	2015
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	3,210,499	2,801,876
Sundry debtors	100,923	180,256
GST receivable	115,995	57,953
Loans receivable - clubs/institutions	605	15,078
Less Provision for Doubtful Debts	(1,561,612)	(1,561,612)
FESA ESL	0	4,766
Pensioner Rebates	40,362	44,155
Accrued Income/Payments in Advance	237,684	0
	<u>2,144,456</u>	<u>1,542,472</u>
Non-current		
Rates outstanding - pensioners	52,813	52,813
Loans receivable - clubs/institutions	0	0
	<u>52,813</u>	<u>52,813</u>
5. INVENTORIES		
Current		
Fuel and materials	8,395	10,573
	<u>8,395</u>	<u>10,573</u>

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

	2016	2015
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
- Independent valuation 2014 - level 2	340,000	340,000
	<u>340,000</u>	<u>340,000</u>
	<u>340,000</u>	<u>340,000</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	1,055,500	1,055,500
- Additions after valuation - cost	2,179,287	314,306
Less accumulated depreciation	<u>(1,735,767)</u>	<u>(74,059)</u>
	1,499,020	1,295,747
Buildings - specialised at:		
- Independent valuation 2014 - level 3	29,899,654	29,899,654
Less accumulated depreciation	<u>(1,542,936)</u>	<u>(1,542,936)</u>
	<u>28,356,718</u>	<u>28,356,718</u>
	<u>29,855,738</u>	<u>29,652,465</u>
Total land and buildings	<u>30,195,738</u>	<u>29,992,465</u>
Furniture and equipment at:		
- Independent valuation 2015 - level 2	922,063	818,652
Less accumulated depreciation	<u>(136,354)</u>	<u>0</u>
	785,709	818,652
Plant and equipment at:		
- Management valuation 2013 - level 3	1,239,623	1,814,515
- Additions after valuation - cost	2,152,619	1,498,329
Less accumulated depreciation	<u>(579,393)</u>	<u>(619,015)</u>
	<u>2,812,849</u>	<u>2,693,829</u>
	<u>33,794,296</u>	<u>33,504,946</u>

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	340,000	0	0	0	0	0	0	0	340,000
Total land	340,000	0	0	0	0	0	0	0	340,000
Buildings - non-specialised	1,295,747	2,186,889	(321,908)	0	0	0	(1,661,708)	0	1,499,020
Buildings - specialised	28,356,718	0	0	0	0	0	0	0	28,356,718
Total buildings	29,652,465	2,186,889	(321,908)	0	0	0	(1,661,708)	0	29,855,738
Total land and buildings	29,992,465	2,186,889	(321,908)	0	0	0	(1,661,708)	0	30,195,738
Furniture and equipment	818,652	103,411	0	0	0	0	(136,354)	0	785,709
Plant and equipment	2,693,829	304,088	(185,068)	0	0	0	0	0	2,812,849
Total property, plant and equipment	33,504,946	2,594,388	(506,976)	0	0	0	(1,798,062)	0	33,794,296

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar land parcels	Independent Valuation	June 2014	Observable open market values of similar asset adjusted for condition and comparability at the highest and best use
Buildings - non-specialised	2	Market approach using recent observable market data for similar land parcels	Independent Valuation	June 2014	Observable open market values of similar asset adjusted for condition and comparability at the highest and best use
Buildings - specialised	3	Cost approach using recent observable market data for similar properties	Independent Valuation	June 2014	Construction costs based on recent contract prices, current condition (level 2 inputs), residual values and remaining useful life assessments (level 3 inputs).
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Fair Value less depreciation (level 3 inputs).
Plant and equipment					
- Management valuation 2013	2	Market approach using recent observable market data for similar items	Independent Valuation	June 2013	Observable open market values of similar asset adjusted for condition and comparability at the highest and best use
- Management valuation 2013	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2013	Purchase costs and current condition (level 2 inputs), residual values and remaining useful life assessments (level 3 inputs).

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

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

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

	2016	2015
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Management valuation 2015 - level 3	378,777,608	378,777,608
- Additions after valuation - cost	1,418,218	0
Less accumulated depreciation	<u>0</u>	<u>0</u>
	380,195,826	378,777,608
Infrastructure - footpaths		
- Management valuation 2015 - level 3	1,992,696	1,992,696
- Additions after valuation - cost	33,102	0
Less accumulated depreciation	<u>0</u>	<u>0</u>
	2,025,798	1,992,696
Infrastructure - drainage		
- Management valuation 2015 - level 3	786,271	786,271
- Additions after valuation - cost	83,747	0
Less accumulated depreciation	<u>0</u>	<u>0</u>
	870,018	786,271
Infrastructure - parks and ovals		
- Independent valuation 2015 - level 3	983,043	992,796
- Additions after valuation - cost	1,309,308	0
Less accumulated depreciation	<u>0</u>	<u>0</u>
	2,292,351	992,796
Infrastructure - other		
- Independent valuation 2015 - level 3	3,398,151	3,388,398
- Additions after valuation - cost	29,585	0
Less accumulated depreciation	<u>0</u>	<u>0</u>
	3,427,736	3,388,398
Infrastructure - Sewerage		
- Independent valuation 2015 - level 3	<u>1,106,103</u>	<u>1,106,103</u>
	1,106,103	1,106,103
	<u><u>389,917,832</u></u>	<u><u>387,043,872</u></u>

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

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	378,777,608	1,418,218	0	0	0	0	0	0	380,195,826
Infrastructure - footpaths	1,992,696	33,102	0	0	0	0	0	0	2,025,798
Infrastructure - drainage	786,271	83,747	0	0	0	0	0	0	870,018
Infrastructure - parks and ovals	992,796	1,309,308	0	0	0	0	0	(9,753)	2,292,351
Infrastructure - other	3,388,398	29,585	0	0	0	0	0	9,753	3,427,736
Infrastructure - Sewerage	1,106,103		0	0	0	0	0	0	1,106,103
Total infrastructure	<u>387,043,872</u>	<u>2,873,960</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>389,917,832</u>

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2015	Construction costs and current condition (level 2 inputs), residual values and remaining useful life assessments (level 3) inputs.
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2015	Construction costs and current condition (level 2 inputs), residual values and remaining useful life assessments (level 3) inputs.
Infrastructure - drainage	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2015	Construction costs and current condition (level 2 inputs), residual values and remaining useful life assessments (level 3) inputs.
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2015	Construction costs and current condition (level 2 inputs), residual values and remaining useful life assessments (level 3) inputs.
Infrastructure - other	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2015	Construction costs and current condition (level 2 inputs), residual values and remaining useful life assessments (level 3) inputs.
Infrastructure - Sewerage	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2015	Construction costs and current condition (level 2 inputs), residual values and remaining useful life assessments (level 3) inputs.

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

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

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

	2016	2015
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	498,982	456,366
Accrued interest on debentures	16,832	19,175
Accrued salaries and wages	38,633	133,762
ATO liabilities	177,297	55,812
Income received in advance	9,315	0
Accrued Expenses	12,225	(1,903)
	753,284	663,212

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

	316,406	331,653
	316,406	331,653

Non-current

Secured by floating charge

 Debentures

	1,030,017	1,346,539
	1,030,017	1,346,539

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	234,701	27,953	262,654
Non-current provisions	0	136,901	136,901
	234,701	164,854	399,555
Additional provision	(200,860)	(12,192)	(213,052)
Amounts used	200,860	2,142	203,002
Balance at 30 June 2016	234,701	154,804	389,505
Comprises			
Current	234,701	22,783	257,484
Non-current	0	132,021	132,021
	234,701	154,804	389,505

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

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Plant reserve	539,700	0	0	539,700	358,876	414,758	(382,000)	391,634	292,956	347,309	(100,565)	539,700
Land and building reserve	302,532	0	0	302,532	302,532	310,000	0	612,532	225,700	76,832	0	302,532
Landfill reinstatement	712,197	0	0	712,197	1,516,572	630,806	(833,033)	1,314,345	1,089,335	888,737	(1,265,875)	712,197
Sewerage	210,749	0	0	210,749	346,789	242,753	(304,018)	285,524	461,128	219,559	(469,938)	210,749
Environmental improvement	504,366	0	0	504,366	504,366	0	0	504,366	504,366	0	0	504,366
Community and recreation	310,515	0	0	310,515	309,608	0	0	309,608	53,608	256,907	0	310,515
IT and communications	93,832	0	0	93,832	93,832	0	(40,000)	53,832	93,832	0	0	93,832
Road construction and maintenar	976,115	11,856	0	987,971	987,564	0	(405,868)	581,696	1,423,906	82,115	(529,906)	976,115
	<u>3,650,006</u>	<u>11,856</u>	<u>0</u>	<u>3,661,862</u>	<u>4,420,139</u>	<u>1,598,317</u>	<u>(1,964,919)</u>	<u>4,053,537</u>	<u>4,144,831</u>	<u>1,871,459</u>	<u>(2,366,284)</u>	<u>3,650,006</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.

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

Name of Reseve	Anticipated date of use	Purpose of the reserve
Plant reserve	ongoing	To be used for the purchase of major and minot plant and equipment.
Land and building reserve	ongoing	To finance the purchase or capital improvements of Council buildings and cover the costs associated with subdivision and development of land.
Landfill reinstatement	ongoing	To reinstate landfill sites at the end of their current purpose, or to fund the operation and capital improvements of landfill sites in the Shire.
Sewerage	ongoing	To repair, replace or extend the Coolgardie Sewerage Infrastructure.
Environmental improvement	ongoing	For funding of infrastructure and building improvements to meet environmental challenges and to promote the efficient use of power and water.
Community and recreation	ongoing	To fund capital and maintenance requirements to improve Community and Recreational Facilities.
IT and communications	ongoing	For the replacement or upgrade of computer or communications hardware and software.
Road construction and maintenance	ongoing	For the construction and maintenance of Roads for which Contributions have been received for Heavy Haulage Campaigns.
Infrastructure Renewal	ongoing	For the setup and associated costs for the provision of a Medical Practice in Kambalda.

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

13. REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	Decrement	Movement on	Balance	Balance	Increment	Decrement	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	11,938,659	0	0	0	11,938,659	11,938,659	0	0	0	11,938,659
Furniture and equipment	344,808	0	0	0	344,808	0	344,808	0	344,808	344,808
Plant and equipment	164,177	0	0	0	164,177	164,177	0	0	0	164,177
Sewerage	17,238	0	0	0	17,238	0	17,238	0	17,238	17,238
Infrastructure - roads	335,382,935	0	0	0	335,382,935	0	335,382,935	0	335,382,935	335,382,935
Infrastructure - footpaths	701,870	0	0	0	701,870	0	701,870	0	701,870	701,870
Infrastructure - drainage	245,022	0	0	0	245,022	0	245,022	0	245,022	245,022
Infrastructure - parks and ovals	524,849	0	0	0	524,849	0	524,849	0	524,849	524,849
	<u>349,319,558</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>349,319,558</u>	<u>12,102,836</u>	<u>337,216,722</u>	<u>0</u>	<u>337,216,722</u>	<u>349,319,558</u>

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
Cash and cash equivalents	<u>5,406,258</u>	<u>4,641,990</u>	<u>5,033,573</u>

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

Net result	4,387,548	2,313,621	(2,552,326)
Non-cash flows in Net result:			
Depreciation	1,798,062	4,418,621	4,235,027
(Profit)/Loss on sale of asset	171,316	(24,407)	87,201
Other adjustments			20,602
Loss on revaluation of fixed assets	0		1,398,131
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(601,984)	761,722	(358,073)
(Increase)/Decrease in inventories	2,178	0	(2,750)
Increase/(Decrease) in payables	90,072	380,861	829
Increase/(Decrease) in provisions	(10,050)	0	71,186
Grants contributions for the development of assets	<u>(2,584,602)</u>	<u>(5,743,612)</u>	<u>(1,590,330)</u>
Net cash from operating activities	<u>3,252,540</u>	<u>2,106,806</u>	<u>1,309,497</u>

(c) Undrawn Borrowing Facilities

	2016	2015
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	30,000	30,000
Credit card balance at balance date	<u>0</u>	<u>(5,497)</u>
Total amount of credit unused	<u>30,000</u>	<u>24,503</u>
Loan facilities		
Loan facilities - current	316,406	331,653
Loan facilities - non-current	<u>1,030,017</u>	<u>1,346,539</u>
Total facilities in use at balance date	<u>1,346,423</u>	<u>1,678,192</u>
Unused loan facilities at balance date	<u>441,827</u>	<u>441,827</u>

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

15. CONTINGENT LIABILITIES

The Shire of Coolgardie has no contingent liabilities as at 30 June 2016.

	2016	2015
	\$	\$
16. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	0	17,043
	0	17,043

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	330,840	0
Payable:		
- not later than one year	330,840	0

The capital expenditure commitment at 30 June 2016 is for the completion of the Post Office refurbishment project.

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

17. JOINT VENTURE ARRANGEMENTS

The Shire together with the Councils in the GVROC have a joint venture arrangement with regard to the provision of a Regional Records Storage Facility.

On 14 June 2012 the Shire of Coolgardie became part of a joint venture with nine other Councils (i.e. City of Kalgoorlie-Boulder, Shires of Esperance, Laverton, Leonora, Menzies, Ngaanyatjarraku, Ravensthorpe, Wiluna and Dundas) to provide a Regional Records Facility.

The Facility is located in Kalgoorlie. The only asset is a building. Council has one tenth share of the asset.

	2016	2015
	\$	\$
Non-current assets		
Land and buildings	75,500	75,500
Less: accumulated depreciation	<u>(2,008)</u>	<u>(2,008)</u>
	<u>73,492</u>	<u>73,492</u>

The Shire has a joint venture arrangement with the Department of Housing and Works to provide aged housing in Kambalda. Council is required to make a provision of 1% of the investment per annum, and to place in a reserve account any surplus funds.

	2016	2015
	\$	\$
Non-current assets		
Land and buildings	1,580,000	1,580,000
Less: accumulated depreciation	<u>(434,500)</u>	<u>(434,500)</u>
	<u>1,145,500</u>	<u>1,145,500</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
Governance	237,684	0
General purpose funding	1,742,062	2,720,799
Law, order, public safety	0	15,000
Health	12,350	278,000
Education and welfare	132,814	195,500
Housing	2,621,888	3,062,078
Community amenities	3,145,730	3,137,620
Recreation and culture	8,051,590	26,312,487
Transport	6,905,663	385,405,845
Economic services	3,727,517	3,622,375
Other property and services	1,818,615	2,375,826
Unallocated	<u>402,928,137</u>	<u>62,719</u>
	<u>431,324,050</u>	<u>427,188,249</u>

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

	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	2.41	1.59	0.92
Asset sustainability ratio	1.64	0.54	0.62
Debt service cover ratio	8.87	0.46	6.49
Operating surplus ratio	0.21	(0.52)	(0.21)
Own source revenue coverage ratio	1.06	0.56	0.74

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 62 of this document.

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

20. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
BCITF	6,287	1,585	(1,791)	6,081
Building Levy	3,042	2,060	(1,915)	3,187
Nominations	200	6,400	(6,400)	200
Bonds	117,914	2,335	(3,110)	117,139
Held for Clubs	46,389	51,795	(46,634)	51,550
Miscellaneous Monies	15,463	5,700	(8,360)	12,803
Unknown Deposits	1,680	0	0	1,680
	<u>190,975</u>			<u>192,640</u>

Discrepancy Trust Liability **683**

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Land and Buildings								
<i>Housing</i>								
Unit 1/33 Sylvester Street	113,841	98,912	0	(14,929)	104,500	95,000	0	(9,500)
Unit 2/33 Sylvester Street	104,034	82,254	0	(21,780)	104,500	75,000	0	(29,500)
Unit 3/33 Sylvester Street	104,033	71,575	0	(32,458)	104,500	55,000	0	(49,500)
<i>Economic services</i>								
Old Fire Station	0	0	0	0	0	85,000	85,000	0
Plant and Equipment								
<i>Transport</i>								
Volvo Loader L60E	0	0	0	0	18,488	85,000	66,512	0
Utility 2 x 4 (1DVH516)	8,400	1,414	0	(6,986)	10,843	4,000	0	(6,843)
Great Wall Single Cab 4x4	12,000	4,560	0	(7,440)				
Works Crew Truck	8,400	1,400	0	(7,000)	34,225	10,000	0	(24,225)
Works Supervisor Utility	8,400	3,727	0	(4,673)	22,537	15,000	0	(7,537)
Utility	39,600	17,273	0	(22,327)	0	0	0	0
Mitsubishi Triton Utility	24,800	10,909	0	(13,891)	0	0	0	0
Nissan Patrol	50,268	25,455	0	(24,813)	0	0	0	0
VW Amarok	33,200	18,181	0	(15,019)	0	0	0	0
	<u>506,976</u>	<u>335,660</u>	<u>0</u>	<u>(171,316)</u>	<u>399,593</u>	<u>424,000</u>	<u>151,512</u>	<u>(127,105)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities								
99 Coolgardie Effluent	64,095	0	15,751	15,751	48,344	48,344	3,008	3,392
Recreation and culture								
98 Coolgardie Recreation Centre	15,958	0	15,958	15,958	0	0	341	341
111 KCRF Building	750,949	0	233,301	221,375	517,648	529,574	43,865	58,277
112 Aquatic Facilities	342,486	0	31,853	31,853	310,633	310,633	14,522	14,522
Economic services								
113 Post Office Coolgardie	485,285	0	15,488	15,289	469,797	469,996	20,267	25,186
	<u>1,658,773</u>	<u>0</u>	<u>312,351</u>	<u>300,226</u>	<u>1,346,422</u>	<u>1,358,547</u>	<u>82,003</u>	<u>101,718</u>
<u>Self Supporting Loans</u>								
Housing								
107 Masonic Homes*	19,418	0	19,418	19,418	0	0	1,403	748
	<u>19,418</u>	<u>0</u>	<u>19,418</u>	<u>19,418</u>	<u>0</u>	<u>0</u>	<u>1,403</u>	<u>748</u>
	<u>1,678,191</u>	<u>0</u>	<u>331,769</u>	<u>319,644</u>	<u>1,346,422</u>	<u>1,358,547</u>	<u>83,406</u>	<u>102,466</u>

(*) Denotes self supporting loans.

All other loan repayments were financed by general purpose revenue.

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

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

Particulars	Date	Balance	Borrowed	Expended	Balance
	Borrowed	1 July 15	During	During	30 June 16
		\$	\$	\$	\$
113 Coolgardie Post Office	Apr 2014	441,827	0	0	441,827
		<u>441,827</u>	<u>0</u>	<u>0</u>	<u>441,827</u>

(d) Overdraft

Council had no overdraft facility at 30 June 2016.

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

23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Gross rental value valuations											
General	0.1075	1,373	16,358,492	1,158,499	12,445	199	1,171,143	1,335,478	0	0	1,335,478
Differential general rate											
Unimproved value valuations											
Mining	0.2056	1,215	20,362,033	4,223,684	(10,228)	271	4,213,727	4,186,434	0	0	4,186,434
Pastoral/Rural	0.1131	26	1,174,881	130,462	0	0	130,462	132,879	0	0	132,879
Sub-Total		2,614	37,895,406	5,512,645	2,217	470	5,515,332	5,654,791	0	0	5,654,791
Minimum payment	Minimum \$										
Gross rental value valuations											
General	660	641		605,340	0	0	605,340	423,060	0	0	423,060
Unimproved value valuations											
Mining	415	804		310,030	0	0	310,030	333,660	0	0	333,660
Pastoral/Rural	660	10		9,436	0	0	9,436	6,600	0	0	6,600
Sub-Total		1,455	0	924,806	0	0	924,806	763,320	0	0	763,320
		4,069	37,895,406	6,437,451	2,217	470	6,440,138	6,418,111	0	0	6,418,111
Discounts/concessions (refer note 27)							(394,326)				(420,388)
Total amount raised from general rate							6,045,812				5,997,723
Specified Area Rate (refer note 25)							246,532				242,253
Totals							6,292,344				6,239,976

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

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	3,143,357	2,409,356	2,409,356
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,048,796	381,695	381,695
Restricted	4,357,462	4,651,878	4,651,878
Receivables			
Rates outstanding	3,210,499	2,801,876	2,801,876
Sundry debtors	100,923	180,256	180,256
GST receivable	115,995	57,953	57,953
Loans receivable - clubs/institutions	605	15,078	15,078
Less Provision for Doubtful Debts	(1,561,612)	(1,561,612)	(1,561,612)
Accrued Income/Payments in Advance	237,684	0	0
FESA ESL	0	4,766	4,766
Pensioner Rebates	40,362	44,155	44,155
Inventories			
Fuel and materials	8,395	10,573	10,573
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(498,982)	(456,366)	(456,366)
Accrued interest on debentures	(16,832)	0	0
Accrued salaries and wages	(38,633)	0	0
ATO liabilities	(177,297)	(55,812)	(55,812)
Income received in advance	(9,315)	0	0
Accrued Expenses	(12,225)	0	0
Current portion of long term borrowings			
Secured by floating charge	(316,406)	(331,653)	(331,653)
Provisions			
Provision for annual leave	(234,701)	(234,701)	(234,701)
Provision for long service leave	(22,783)	(27,953)	(27,953)
Unadjusted net current assets	6,231,935	5,480,133	5,480,133
Adjustments			
Less: Reserves - restricted cash	(3,661,863)	(3,650,006)	(3,650,006)
Less: Loans receivable - clubs/institutions	(605)	(15,078)	(15,078)
Add: Secured by floating charge	316,406	331,653	331,653
Add: Provision for Annual Leave	234,701	234,701	234,701
Add: Provision for Long Service Leave	22,783	27,953	27,953
Adjusted net current assets - surplus/(deficit)	3,143,357	2,409,356	2,409,356

Difference

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

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

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Back Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$	Budget Interim Rate Revenue \$
Coolgardie Waste Water Scheme	GRV	0.0733	3,206,956	246,532	0	0	246,532	242,253	0	0
				<u>246,532</u>	<u>0</u>	<u>0</u>	<u>246,532</u>	<u>242,253</u>	<u>0</u>	<u>0</u>

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs \$	Rate Set Aside to Reserve \$	Reserve Applied to Costs \$	Budget Rate Applied to Costs \$	Budget Rate Set Aside to Reserve \$	Budget Reserve Applied to Costs \$
Coolgardie Waste Water Scheme	Operating and capital expenditure of the Coolgardie Townsite sewerage system.	Coolgardie Townsite						
			144,141	(292,753)	362,018	242,253	0	0
			<u>144,141</u>	<u>(292,753)</u>	<u>362,018</u>	<u>242,253</u>	<u>0</u>	<u>0</u>

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

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

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

Rates Discounts

Rate or Fee Discount Granted	Discount			Circumstances in which Discount is Granted
	% or \$	Actual \$	Budget \$	
General Rates	5.00%	394,326	246,124	
Minimum Payment	5.00%	0	30,533	
		<u>394,326</u>	<u>276,657</u>	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount		
		% or \$	Actual \$	Budget \$
Use of Facilities	Waiver		0	50,000
Rate Assessment	Concession		111	30,000
Rates Write Off	Write Off		73,010	143,731
			<u>73,121</u>	<u>223,731</u>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Use of Facilities	Waivers for gym membership and use of Council facilities were provided for not for profit organisations upon	To encourage and support members of not for profit organisations.	Council considers the support of these groups necessary for the overall benefit of the community.

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	10-Sep-15			11.00%
Option Two				
First Instalment	10-Sep-15	\$10	0.00%	11.00%
Second Instalment	14-Jan-16			
Option Three				
First Instalment	10-Sep-15	\$10	0.00%	11.00%
Second Instalment	12-Nov-15			
Third Instalment	14-Jan-16			
Fourth Instalment	17-Mar-16			
			Revenue	Budgeted Revenue
			\$	\$
Interest on unpaid rates			260,540	190,000
Interest on instalment plan			0	0
Charges on instalment plan			32,030	30,000
			<u>292,570</u>	<u>220,000</u>

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

29. FEES & CHARGES	2016	2015
	\$	\$
General purpose funding	36,920	31,626
Law, order, public safety	18,724	14,766
Health	3,682	5,380
Education and welfare	21,396	65,022
Housing	88,907	112,795
Community amenities	1,391,977	1,084,678
Recreation and culture	223,889	256,672
Transport	128,944	172,486
Economic services	37,654	47,459
Other property and services	35,921	33,472
	<u>1,988,014</u>	<u>1,824,356</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	0	1,000
General purpose funding	512,917	1,313,542
Law, order, public safety	3,597	0
Education and welfare	208,231	193,618
Community amenities	0	2,000
Recreation and culture	0	22,000
Transport	107,900	352,327
Economic services	0	8,919
Other property and services	0	44,068
	<u>832,645</u>	<u>1,937,474</u>
Non-operating grants, subsidies and contributions		
General purpose funding	53,486	0
Education and welfare	0	8,844
Recreation and culture	1,417,353	61,890
Transport	1,113,763	1,041,663
Economic services	0	477,933
	<u>2,584,602</u>	<u>1,590,330</u>
	<u>3,417,247</u>	<u>3,527,804</u>

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

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	58	59
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32. ELECTED MEMBERS REMUNERATION

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

	2016	2016 Budget	2015
	\$	\$	\$
Meeting Fees	120,510	120,510	120,510
President's allowance	20,439	20,439	20,267
Deputy President's allowance	5,109	5,109	5,067
Travelling expenses	742	1,000	4,228
Telecommunication allowance	24,500	24,500	24,500
	171,300	171,558	174,572

33. MAJOR LAND TRANSACTIONS

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

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,406,258	5,033,573	5,406,258	5,033,573
Receivables	2,197,269	1,595,285	2,197,269	1,595,285
	<u>7,603,527</u>	<u>6,628,858</u>	<u>7,603,527</u>	<u>6,628,858</u>
Financial liabilities				
Payables	753,284	663,212	753,284	663,212
Borrowings	1,346,423	1,678,192	1,346,423	1,678,192
	<u>2,099,707</u>	<u>2,341,404</u>	<u>2,099,707</u>	<u>2,341,404</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.

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

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

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

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

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

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

	2016	2015
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	442,350	334,568
- Statement of Comprehensive Income	442,350	334,568
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	44,235	33,457
- Statement of Comprehensive Income	44,235	33,457

Notes:

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

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

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

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









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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current		
- Overdue		
Percentage of other receivables		
- Current		
- Overdue		

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	753,284	0	0	753,284	753,284
Borrowings	48,344	517,765	780,430	1,346,539	1,346,539
	<u>801,628</u>	<u>517,765</u>	<u>780,430</u>	<u>2,099,823</u>	<u>2,099,823</u>
<u>2015</u>					
Payables	663,212	0	0	663,212	663,212
Borrowings	35,376	0	1,642,816	1,678,192	1,678,192
	<u>698,588</u>	<u>0</u>	<u>1,642,816</u>	<u>2,341,404</u>	<u>2,341,404</u>

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<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 2016</u>								
Borrowings								
Fixed rate								
Debentures	48,344	517,765	0	0	0	780,430	1,346,539	4.70%
Weighted average Effective interest rate	5.85%	6.99%	0.00%	0.00%	0.00%	4.85%		
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	35,376	0	750,949	64,095	0	827,772	1,678,192	5.71%
Weighted average Effective interest rate	3.36%	0.00%	6.99%	5.85%	0.00%	3.04%		

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

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.99	0.89	0.68
Asset renewal funding ratio	0.242	N/A	N/A

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