SHIRE OF BOYUP BROOK
ANNUAL REPORT 2015-2016

CONTENTS

1.0 Statement of Compliance

For the year ended 30 June 2016

Residents and rate payers of the Shire of Boyup Brook,

in accordance with section 5.53 of the *Local Government Act 1996*, I hereby submit for your information, the Annual Report for the Shire of Boyup Brook for the financial year ended 30 June 2016.

The Annual Report has been prepared in accordance with the provisions of the *Local Government Act 1995* and *Local Government (Administration) Regulations 1996*.

Alan Lamb

Accountable Authority

02 February 2017

2.0 President's Report

It is with pleasure that I provide my report to you as your Shire President on the 2015-16 year.

Council continues to focus the majority of its resources on infrastructure assets (roads, bridges, drainage and footpaths). In 2015-16 48% of the total operating expenditure, and 73% of capital expenditure (not including Plant and Equipment), was directed to maintaining and improving the Shire's road system. To facilitate this focus, Council ensures the Works teams have appropriate and serviceable plant and equipment, through its long term plant replacement program.

The Water sewerage scheme is still on the State Government's list and latest advice indicates it will be operational in 2019. Following a community consultation program, conducted by Water Corporation, the Minister advised that the project would go ahead. The hurdles going forward are State Government elections, which may result in a change in priorities, and the state's annual budget processes. We will continue to monitor this important project and lobby to ensure it is completed.

Council continues to work with the Bunbury Wellington Group of Councils (BWGC) on regional matters and a regional waste facility has been a significant focus. The BWGC worked with the South West Development Commission, and other Councils in the South West, on identifying a site to dispose of/deal with the regions waste products. The BWGC has Royalties for Regions monies for the purchase and development of a site and this should alleviate the need for Council to commit its funds to this aspect of the project. It is expected that the work being done now will result in a regional waste facility that will benefit from the economies of scale, that could not be achieved by any of the individual Councils involved, to open up much better ways of dealing with rubbish. The site will need to be suitable for land fill but the aim is to reuse or convert waste to energy to minimize what is buried, and to meet environmental ideals.

The plan is to develop a very long term facility and so the process to get there will be long. The project is expected to lead to the closing of all current land fill sites, improvement of transfer stations and vastly improved management of the collected waste products. On the matter of waste disposal, the kerbside collection services were expanded to include Ridgeview Estate Special Rural area.

Council has continued to work on options for aged accommodation. Lodge upgrades, and new developments on land around the Lodge and in Forrest Street have been planned and costed. The new developments rely on the sewerage scheme being available, as this is not a certainty Council is yet to commit to a site and start works. This delay has opened the opportunity to seek grant funding and this will be a focus in 2016-17. Grant funding is also being sought for the Lodge work. Considerations will be given to bundling all aged accommodation projects into one larger plan that provides for works to be done in stages. This should improve the opportunity for grant funds by showing each aspect is part of a larger plan.

Before closing, I would also like to sincerely thank all my fellow Councillors for their commitment, efforts, and involvement on all the issues which have come before Council during the last financial year, and for what we have before us for the 2016-17 year. I also thank the Chief Executive Officer and staff for their hard work over the past year. Finally but importantly, I record my very sincere thanks to my, and my fellow Councillor's spouses who help us fulfill our civic roles.

Councillor Michael Giles

Shire President

3.1 Operational Structure

The Western Australian Constitution (1889) recognises Local Government under section 52. Our constitution states that:

(1) *The Legislature shall maintain a system of local governing bodies elected and constituted in such manner as the Legislature may from time to time provide.*

(2) *Each elected local governing body shall have such powers as the Legislature may from time to time provide being such powers as the Legislature considers necessary for the better government of the area in respect of which the body is constituted.*

When developed, the *Local Government Act 1995* (the Act) was written in contemporary style, and so is comparably a little easier to understand. The Act brought with it a degree of autonomy, and conveys general competence powers to local governments. At the same time, however, accountability features in many areas of the Act, e.g. for a number of local issues it is only with Ministerial approval that local governments can make decisions at a local level, and often this will be in consultation with their communities.

Sections 2.7 through 2.10 of the Act define the roles of our Council (e.g. to govern the local government's affairs), President, Deputy President and Councillors (e.g. to represent the interests of the electors, ratepayers and residents of the district; and provide leadership and guidance to the community), while section 5.41 defines the functions of our CEO (e.g. advise the Council; cause Council decisions to be implemented; and manage the day to day operations of the local government).

Note. Section 5.42 allows a local government to delegate the exercise of its powers to the CEO.

3.1 Council (Elected Members) Structure

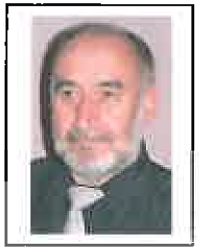
The Shire comprises of four wards as follows: Benjinup to the north west (two representatives); Boyup Brook Townsite (three representatives); Dinninup to the north east (two representative); and Scotts Brook to the south (two representatives). At the commencement of a new term of Council, Council elect the Shire President and Deputy President. Currently Council's structure is as follows:

Shire President

Michael Giles
Scotts Brook Ward
Term Expires: 2017

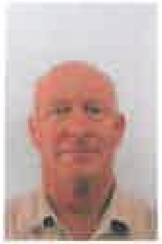
Deputy Shire President

Graham Aird
Scotts Brook Ward
Term Expires: 2019

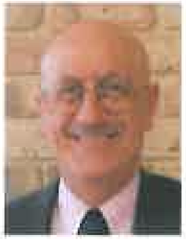


Cr. Muncey
Boyup Brook
Term Expires 2019

Cr. Kaltenrieder
Boyup Brook
Term Expires 2017



Cr. Blackburn
Boyup Brook
Term Expires 2017



Cr. Oversby
Dinninup
Term Expires 2017

Cr.Moir
Benjinup
Term Expires 2019

Cr. Rear
Dinninup
Term Expires 2019

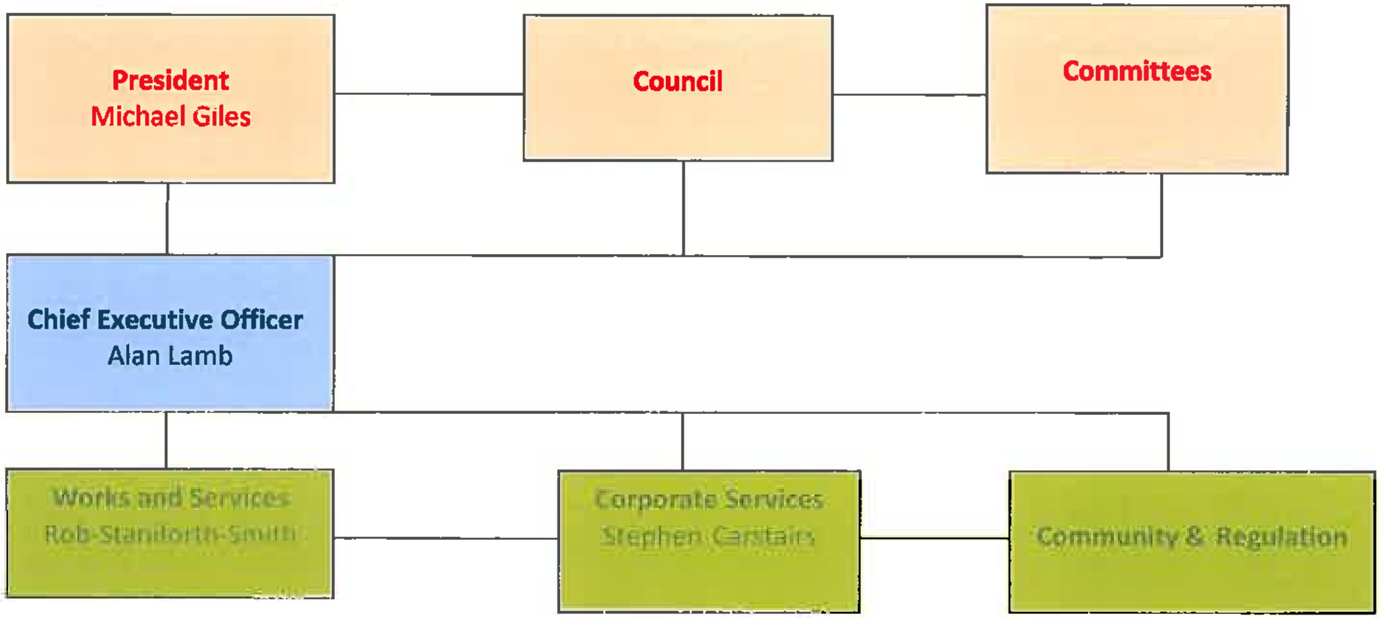
Cr. Imrie
Benjinup
Term Expires 2017

Council sets its meeting dates prior to the start of each calendar year and ordinary meetings are generally held on the third Thursday of each month (except where other factors make this impractical), excepting for January where no meeting is held.

3.2 Organisational Structure

During 2015-16 the Shire Council's organisational structure remained unchanged.

Table A – Organisational structure as at 01 July 2017



3.3 Senior Executive

Alan Lamb (FLGMA, BBus, Dip LG (C), Dip LG (T)) joined the Shire of Boyup Brook in 2008. Since taking up the role of Chief Executive Officer, Alan has focused on improving the Local Government's sustainability through financial management and planning, and improving services.

Alan has 41 years experience in the Local Government sector, 33 of this at senior management level including 23 at CEO level. His Local Government work has included stints in the Metropolitan Area, Pilbara, Murchison, Great Southern, External Territories (he was the first CEO appointed by the newly formed Cocos (Keeling) Islands Shire Council for 4 years in the nineties), and now the South West. At various stages, of his working life, he has held finance/management positions in transport, merchant banking and mining. His management experience includes the usual Local Government operations and facilities, public housing (managing over 100 houses and a building program of three new houses per year), public transport (both bus and marine), and marine services (including: operation and maintenance of one interisland passenger ferry, one ocean rescue craft/backup ferry, and sundry small craft; purchase of new craft; operation and maintenance of a slipway, marine craft repair facility and navigation markers/lights; and he holds a current commercial vessel skippers ticket and a radiotelephony licence).

Rob Staniforth-Smith (BEng Civil, MIEAUST, CP ENG, Builders Reg, Dip Project Management) joined the Shire of Boyup Brook in 2011. Since joining the Shire, Rob has focused on sourcing additional funding to increase the level of service on the Shires 1100km of roads plus increasing the amenity of the towns' parks and streetscapes.

Following Geoff Carberry's resignation in 2014, Rob took on the role of Building Management and is striving to get the level of maintenance on the Shires numerous buildings up to an acceptable level.

Prior to his current role, Rob ran the family farm (2007-2010) and worked in management on High Rise Construction and commercial Projects for 18 years including management roles on Central Park, St John of God Hospital, Karrinyup and Morley Galleria Shopping Centres, East Perth Redevelopment, Subiaco Railway Tunnel, Subiaco Redevelopment, Fremantle Maritime Museum, Raffles redevelopment, Perth Convention and Exhibition Centre, and finishing up as Project Manager on the $178 million Perth Central Law Courts.

Stephen Carstairs (BSc Hons, Grad Dip Company Director - University New England and Dip Accounting) joined the Shire of Boyup Brook in 2014. Since taking up the role of Director Corporate Services, Stephen has focused on financial compliance matters generally, with some emphasis on financial sustainability and integrated planning processes for local government.

Prior to his current role, Stephen served as Executive Manager Corporate Services at the Shire of Bridgetown-Greenbushes for 4 years. Since joining the local government sector in 1999, Stephen has worked throughout the state including: the Shire's of Carnamah (Manager Finance) and Wiluna (Corporate Services Contractor); the Town of Port Hedland (Manager of Finance); and the Shire of Coolgardie (Manager Corporate Services). Previous to this Stephen worked in the private sector, and for agencies including: The University of WA; Curtin University; Department of Agriculture and Food; and DER.

4.0 Chief Executive Officer's Report & Overview

4.1 Chief Executive Officer's Report

It is with pleasure that I present this report on the 2015/16 Financial Year.

Administration continues to be faced with ever increasing reporting requirements, more detailed asset management planning and the like which is making Local Government as bureaucratic as the other tiers of Government. The steady movement of costs and tasks to Local Government, without corresponding funding, further adds to the load limiting what resources can be applied to activities which may be of greater community benefit.

The combination of Council funding quality plant and equipment, and works staff dedication/skills have resulted in a number of roads being improved and maintenance kept to a standard which is generally considered to be high in this region.

I take this opportunity to sincerely thank my fellow staff members who have maintained and improved the Shire's infrastructure (roads, gardens, parks, facilities and the like), provided services (licensing, library, health/building/planning etc) and kept the necessary back room operations (accounting/bookkeeping, depot maintenance, works planning, and the like) in order. I especially thank the Director of Works, Mr Rob Staniforth Smith, and the Director of Corporate Services, Mr Stephen Carstairs, for their tireless efforts and hours of dedication.

I also thank the Shire President, Cr Michael Giles, who I have worked closely with, for his assistance and for his commitment to the often difficult role as leader of the organisation. I also thank all Councillors for the good working relationship. Each year we are faced with the need to further improve services and reduce costs, and a team approach is vital to the success of these goals.

Alan Lamb

Chief Executive Officer

4.1 Overview of Agency's Plan for the Future

As local government in Western Australia (WA) is different to local government in other states, local government in Boyup Brook distinguishes itself from other Western Australian local governments.

WA has the highest per capita expenditure in Australia for law, order and public safety, and for recreation and culture, and is second highest for transport. Contrasting with this, WA has the lowest per capita expenditure for housing, community amenities, and general public services. Relative to most other Western Australian local governments, Boyup Brook invests substantially in ensuring that its community has quality health and medical services, and contemporary aged and community housing.

Council has adopted both a Shire of Boyup Brook *Strategic Community Plan* (for the period 2013-2023) and a *Corporate Business Plan* (for the period 2016-17 to 2020-21), and together these plans comprise the shire's *'plan for the future'* under the *Local Government Act 1996*.

4.1.1 Strategic Community Plan 2013-23

The Shire of Boyup Brook's *Strategic Community Plan 2013–23* sets out the vision, aspirations and objectives of the community in our district so as to guide the work of the Council, and to define Council's role in *'Growing Our Community Together'*.

The Boyup Brook community's vision is for our shire to be a place:

- for people, with a sense of community, one that is active, vibrant, engaged and connected;
- that is safe and secure;
- that nurtures its youth and aging population, and retains its health and medical services; and
- that grows and has employment opportunities, through commercial diversity based on our comparative advantage.

This will be achieved through Council exercising its leadership and influence, and through Council collaboration, partnerships and empowerment, facilitation, coordination, and regulation.

Given that the Boyup Brook community is a growing and changing one, the Shire Council has determined to align the way it works so as to respond to the changing needs of our community. The strategic community plan has a strong focus on building closer collaboration and stronger partnerships with community service (e.g. not-for-profit clubs and associations) organisations, our neighbour local governments and industry agencies, and the State Government.

The Council's focus is on strengthening and supporting the community through capacity building programs (e.g. the Community Grants Program and its Community Development Services), and by providing: a sound road and footpath network; quality health and medical services; contemporary aged and community housing; quality sport, recreation and landscaped facilities; that waste is managed; library and licensing services; information; advice; and planning, building and environmental health regulation.

By strengthening good governance (local leadership), the Council improves the way it works with community service groups in building a stronger and more cohesive community. The Council will continue to focus on supporting our aged, youth, volunteers and carers, and children and the early years. These are all valued members of our community who rely on the services, facilities and support of the Shire Council.

The Council provides funding to some 20 community organisations (including clubs, our schools and agencies), to support a diverse range of community interests. During 2015-16 the Shire's Community Grants Program distributed $72,673 to community organisations in the district (and see Appendix 1), representing a $16,542 increase (29.5%) from 2014-15.

Our strategic community plan identifies five outcome areas to focus (focal areas) the energy and expertise of Councillors and shire employees to achieve the following:

1 Social.	That our people will have a '*sense of community*'.
2 Natural Environment.	That our natural environment will be '*preserved and sustained*'.
3 Built Environment.	That our people will have '*enhanced lifestyle choices*'.
4 Economic Development.	That '*business and employment opportunities will be maximised*'.
5 Governance.	That '*local leadership will be strengthened*'.

4.1.2 Corporate Business Plan 2016-17 to 2020-21

Boyup Brook's *Corporate Business Plan 2016-17 to 2020-21* sets out, in a way consistent with priorities identified in the strategic community plan, the Shire Council's priorities for dealing with the objectives and aspirations of the community. Further, priority outcomes in the business plan (and also see section *6.0 Agency Performance* in this report), express the administration's reference to the Shire Council's capacity to resource (asset manage, human resource manage, and finance manage) its operations.

4.1.3 Major Initiatives Proposed to Commence or Continue in 2016-17

- Boyup Brook Citizens Lodge - Renewal Program 2016-17 $510,000, renovation of accommodation rooms supported by loan and grant funding.
- Aged Accommodation - New Project 2016-17 $682,270, two locations being considered one being wholly dependant on a sewerage scheme being developed and the other partially dependant, entails site development and associated works, supported by reserve and loan funds and will also be the subject of grant applications.
- Government Regional Officers House - New Project 2016-17 $450,000, purchase of land and construction of a 4x2 residence for lease to State Government, supported by loan funding and an ongoing stream of rental income.
- Infrastructure (Roads Bridges etc) - Renewal and New 2016-17 $7,119,020, one new bridge ($4.9M) and various road improvements, supported by grant ($6.347M) and Shire funding.

5.0 Performance Management Framework

5.1 Toward an Outcome Based Management Framework

Regulations 22.(1) *Form and content of annual budget* and 34.(3) *Financial activity statement required each month* and Schedule 1 of the *Local Government (Financial Management) Regulations 1996*, are very prescriptive about how local governments may go about presenting information in budgets and making progress reports on performance against those budgets.

The community's five (5) broader focal areas and eleven (11) specific outcomes were actioned through nine (9) services programs. While Schedule 1 identifies 11 (service) programs, for simplicity three of them (Governance, General Purpose Funding, and Other Property and Services) were combined in the (Leadership &) Governance service program (and refer to the table below).

		Service Programs									
Focal Area		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**Outcomes**
Focus 1:	Social	x	x	x	x				x	x	1.1 Community needs for services and facilities are met. 1.2 Sustainable Community.
Focus 2:	Natural Environment	x						x			2.1 Preserved and enhanced natural environment. 2.2 Sustainable resources.
Focus 3:	Built Environment	x	x	x	x	x	x	x	x	x	3.1 Sustainable infrastructure. 3.2 Planned development. 3.3 Housing needs are met.
Focus 4:	Economic Development	x					x	x		x	4.1 Economic Growth. 4.2 Increased visitors and residents.
Focus 5:	(Leadership &) Governance	x									5.1 Council and Community leadership. 5.2 Sustainable governance.

Service Programs

1. (Leadership &) Governance
2. Law Order & Public Safety
3. Health
4. Education & Welfare
5. Housing
6. Community Amenities
7. Recreation & Culture
8. Transport
9. Economic Services

This attempted Outcome Based Management (OBM) framework represents a combining of the frameworks of the Financial Management Regulations and the Shire's Strategic Community Plan, and is the framework to which this annual report presents the performance of the local government. Going forward, a revised OBM framework will be implemented which includes effectiveness as well as service indicators.

6.0 Performance

6.1 Overview of Agency's Performance

The local government's 2015–16 funding was allocated to 9 (operational) service areas. Key financial indicators are presented below with a summary of the results for the Shire's efficiency indicators. The remainder of this chapter describes from the Shire's Strategic Community Plan the desired goals to be achieved by the local government.

Key 2015-16 Financial Indicators as at 30 Jun 2016	Actual ($'000)	Budget ($'000)
Total (operating) cost of services	7,134	7,192
Net (operating) cost of services *	278	292
Total Equity **	178,817	101,451
Revenue from Rates	(2,397)	(2,401)

* A positive value indicates a net deficit after costs
** Revaluation of Buildings & Roads (especially Drainage) accounts for the difference

Information about Numbers of Certain Employees

Annual Salary Range ($)	Number Employees
110,001 – 120,000	1
120,001 – 130,000	1
140,001 - 150,000	1
200,001 – 210,000	1
220,001 – 230,000	1
Employees having annual salaries of $100,000 or more	5

Efficiency Indicator Summary

The summary results for the local government's efficiency indicators are presented below. The Australian Bureau of Statistics' (ABS) 2011 census provided the number of families in Boyup Brook (444 families), and to it was added an estimate for lone person households in our district (148 single households, as per the WA Planning Commission 2009).

Service		Focal Areas 1	2	3	4	5	KPI	2015-16 Actual	2015-16 Budget
Service 1:	Leadership & Governance	x	x	x	x	x	Average Cost (inc depreciation) per Household Basis	$979	$798
Service 2:	Law Order & Public Safety	x		x			"	$394	$418
Service 3:	Health	x		x			"	$1,753	$1,673
Service 4:	Education and Welfare	x		x			"	$238	$239
Service 5:	Housing			x			"	$337	$321
Service 6:	Community Amenities			x	x		"	$495	$559
Service 7:	Recreation & Culture		x	x	x		"	$1,404	$1,507
Service 8:	Transport	x		x			"	$5,738	$5,916
Service 9:	Economic Services	x		x	x		Average Cost (inc depreciation) per Household Basis	$713	$717
	Rates Raised						Average Cost Calculated on a per Household Basis	$4,049	$4,055
	Funding from Grants						Average Funds Calculated on a per Household Basis	$5,473	$5,225
	Depreciation						Average Calculated on a per Household Basis	$5,590	$5,219

Focal Areas
1. Social
2. Natural Environment
3. Built Environment
4. Economic Development
5. (Leadership &) Governance

6.2 Strategic Focus Areas

6.2.1 Focus Area 1 - Social

Vision: Building a Sense of Community

Building a sense of community is central to the Shire of Boyup Brook's future. The Shire of Boyup Brook focus is developing an active, vibrant, safe, caring and secure community, including access to services and facilities that meet our requirements.

Shire Goals

⇒ Improve community safety.
⇒ Strengthen community participation, interactions and
⇒ connections. Build and strengthen an active and vibrant community.

6.2.2 Focus Area 2 – Natural Environment

Vision: Preserve and Sustain our Natural Environment

Preserving and enhancing our natural environment is a key aspect to the Shire of Boyup Brook's future to retain its 'river and forest' identity. The Shire will focus on valuing natural resources, managing use of water and energy.

Shire Goals

⇒ Maintain and preserve the natural environment, enhancing the 'river and forest' experience of Boyup
⇒ Brook. Sustain and promote the natural environment through the use of green energy solutions.

6.2.3 Focus Area 3 – Built Environment

Vision: Enhanced Lifestyle Choices

The shire will focus on enhancing the town through improved streetscaping and infrastructure. The shire will focus on land-use, including local roads, parks, reserves and facilities will meet the future needs of the growing community, and create employment opportunities through commercial and industrial land-use.

Shire Goals

⇒ Improve road infrastructure.

6.2.4 Focus Area 4 – Economic Development

Vision: Maximise Business and Employment Opportunities

The economy will thrive through diversifying business and employment opportunities, through attracting industrial and commercial opportunities for the growing community, by actively supporting all local businesses.

Shire Goals

⇒ Build the economic base through diversification and actively supporting local businesses.

6.2.5 Focus Area 5 – Governance

Vision: Strengthen Local Leadership

The Shire will focus on sustainability through leadership and regional partners, making informed resource decisions, engaging and listening to community, advocating on the community behalf, be accountable and manage within governance and legislative framework.

Shire Goals

⇒ Strong leadership, governance and planning that makes the best use of our physical, financial and human resources.

7.0 Legislative Environment

7.1 Administered Legislation – Local Laws

As at 30 June 2016 the following legislation was administered by the Shire of Boyup Brook:

- Activities in Thoroughfares and Public Places and Trading Local Law;
- Bush Fire Brigades Local Law;
- Cemetery Local Law;
- Dogs Local Law;
- Local Laws Relating to Fencing;
- Health Local Laws;
- Local Government Property Local Law;
- Parking and Parking Facilities Local Law;
- Standing Orders Local Law

7.2 Significant Legislation Relevant to Local Government

Local Governments operate in a complex legislative environment. In performing much of its functions, the shire adheres with the following relevant laws:

- Bush Fires Act 1954;
- Caravan Parks and Camping Grounds Act 1995; Cat Act 2011;
- Cemeteries Act 1986;
- Control of Vehicles (Off-road) Act 1978; Dog Act 1976;
- Environmental Protection Act 1986;
- Fire and Emergency Services Authority of Western Australia Act 1998; Health Act 1911;
- Local Government Act 1995; Main Roads Act 1930; and
- Waste Avoidance and Resource Recovery Act 2007.

7.3 Regulatory Reporting Requirements

Listed below is the Shire's performance against some of the more prominent legislative requirements.

7.3.1 Elected Members Conduct

In the financial year ending 2015-16 no complaints were recorded under section 5.121 of the *Local Government Act 1995* as they relate to Elected Members' conduct.

7.3.2 Local Government (Financial Management) Regulations 1996

The CEO is required to undertake reviews of the appropriateness and effectiveness of the local government's financial management systems and procedures regularly (not less than once in every four financial years), and report the results of those reviews to the local government. During 2014-15 Dominic Carbone and Associates reviewed the shire's financial management systems and procedures. The review identified twelve recommendations, some of which are still in the process of being addressed.

7.3.3 Local Government (Audit) Regulations 1996

Every two years the CEO is required to undertake reviews of the appropriateness and effectiveness of the local government's systems and procedures as they relate to risk management, internal control, and legislative compliance. In 2014-15 the CEO completed his first review, and reported the findings thereof to the shire's Audit and Finance Committee. Council Policy F.06 *Risk Management* has been adopted, and eleven (Carbone and Associates) internal control recommendations are being addressed. During 2016-17 the CEO will conduct his second review.

7.3.4 Information about Modifications to Certain Plans

Regulation 19CA of the *Local Government (Administration) Regulations 1996* requires local governments to report, in their annual reports, on modifications to certain of their plans.

Subsequent to a Councillor workshop where a desktop review of the Strategic Community Plan 2013-2023 was conducted, Council resolved (Res 29/16) at its March 2016 ordinary meeting to not change the plan. Further, Councillors attended two (2) workshops to review the Shire's Corporate Business Plan 2014-2017 (CBP) and add subsequent years. It was noted that an updated CBP put forward might later be substantially modified during 2016-17 when a major review of the Strategic Community Plan is conducted. Then at its May 2016 ordinary meeting, Council resolved (Res 53/16) to adopt a (reviewed) CBP for the five (5) year period commencing 2016/17.

7.3.5 Review of Local Laws

Section 3.16 of the *Local Government Act 1995* requires that all Local Laws of a Local Government will be reviewed within an eight-year period after their commencement, to determine if they should remain unchanged, be amended, or repealed. It is proposed that in 2016-17 Financial Year such a review will take place.

7.3.6 State Records Act 2000

The *State Records Act 2000* (the Records Act) provides for the keeping of State records and related items, and Section 19 of the Records Act requires each government organisation/authority to have a Records Keeping Plan (RKP) that has been approved by the Stat Records Commission.

The RKP dictates which records are created by an organisation, how they are stored and maintained, and whether they are ultimately destroyed. The RKP is the primary means of providing evidence of compliance with the Records Act and that best practices have been implemented throughout the organisation. In accordance with Section 17 of the Records Act, the shire of Boyup Brook and all its employees are legally required to comply with the contents of the plan.

The State Records Office (SRO) requires organisations to update their plans every five (5) years, and the shire of Boyup Brook's RKP was reviewed during 2014-15 and 2015-16 and subsequently approved and validated by the SRO in September 2016. The next review of the Shire's RKP is due by August 2021.

7.3.7 Freedom of Information Act 1992

In accordance with Section 96(1) of the *Freedom of Information Act 1992,* residents have the right to access records (which are not otherwise exempt) held by State and Local Government agencies. Applications may be made to the Shire to access such information upon payment of a standard fee. In the financial year ending 2015-16 the Shire received no applications to access non-exempt information held by the Shire of Boyup Brook.

7.3.8 Food Safety Standards

Food safety inspections are conducted annually for medium risk food premises, and biannually for low risk food premises within the Shire. There continues to be a high compliance rate amongst our local food premises and a continual improvement in relation to fixtures and finishes. The training and education of food handlers as local not-for-profit organisations change committees. This training is provided by the shire. The introduction of an Event Policy, which includes food safety guidelines has also ensured both local and external organisers work with the shire to maintain food standards.

As required the annual food report to the Department of Health was submitted on time, which captures the shire's statistical data around the number of registered food premises in each risk category.

7.3.9 Occupational Safety and Health

The Shire participates in the Local Government Insurance Services' (LGIS) SW Regional Co-ordination Project, engages the services of a Shared Regional (OSH) Co-ordinator, and prides itself on its positive and safe workplace. During 2015-16 the Shire recorded two lost time injuries, both resulting in thorough investigation and corrective action to prevent reoccurrences. The majority of other incident reports related to property damage. An active Safety & Health Committee meets quarterly that ensures all staff remain vigilant about workplace safety. A review of the current Occupational Safety & Health Manual commenced to ensure currency of policies and procedures against the *Occupational Safety & Health Act 1984*.

7.3.10 Disability Access and Inclusion

Through the implementation of its Disability Access Inclusion Plan 2013-2018, the shire is continuing to work towards implementing the strategies identified against the seven outcomes as listed in Schedule 3 of the *Western Australian Disability Services Regulations 2004*.

Ongoing improvements are continuing to be made in line with the identified strategies within the Plan. The introduction of event guidelines has raised the awareness of event organisers to now more formally consider access and inclusion to all patrons to their events. This has included identified parking areas, ground surface conditions, and distance to entry. Event feedback forms have acknowledged this positive change, which clearly shows the Shire's commitment to external stakeholders.

7.3.11 Competitive Neutrality

The Shire has reviewed all areas of its operation to determine the existence or otherwise of significant business activities.

For the purposes of Competitive Neutrality, a significant business activity is defined as an activity with an income in excess of $500,000 p.a., which is not a regulatory service (community service obligation), and is not already contracted out. Accordingly, it has been determined that, Boyup Brook Medical Centre apart, Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 statement. With regard to the shire's Medical Centre, so as to meet its community service obligation the Council provides a health service to the district in order to fill a void, and where no potential for competition exists (a commercial practice would not be viable here).

8.0 Legal Compliance

8.1 2014-15 Financial Statements

The Shire's 2015-16 Annual Financial Statements and the independent auditor's report of Maria Cavallo (Partner) of AMD Chartered Accountants, are included at Appendix 2.

APPENDIX 1. FUNDING TO ORGANISATIONS

Organisation Name	Council Grant ($)
Group 1 - Small Grants < $501	
Boyup Brook Community Resource Centre	123
South West Group of Affiliated Agricultural Assoc.	250
Lions Club Boyup Brook	500
Blackwood River Valley Marketing Assoc.	500
Blackwood Valley Wine Industry Assoc.	500
Group 2 - Grants of $501 to $5,000	
Kulikup Hall Committee	1,000
Rylington Park Management Committee	1,000
Tonebridge Country Club Inc	1,000
Women's Field Day	1,000
Boyup Brook Cricket Club	1,500
Boyup Brook Districts Pioneer Museum	1,550
Blackwood Basin Group Inc	5,000
Boyup Brook Districts Pioneer Museum	5,000
Harvey Dickson Country Music Centre	5,000
Group 3 - Grants > $5,001	
Mayanup Horse & Pony Club	6,500
Tonebridge Country Club	7,250
Boyup Brook Tennis Club	10,000
Country Music Club of Boyup Brook	10,000
Boyup Brook Tourism Association Inc.	15,000

Appendix 2

SHIRE OF BOYUP BROOK

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2016

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Principal place of business
55 Abel Street
Boyup Brook WA 6244

SHIRE OF BOYUP BROOK
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 of Boyup Brook 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 eleventh day of January 2016

Alan Lamb
Chief Executive Officer

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

	NOTE	2016 $	2016 Budget $	2015 $
Revenue				
Rates	22	2,396,841	2,400,645	2,288,167
Operating grants, subsidies and contributions	29	944,477	762,440	1,971,009
Fees and charges	28	1,202,279	1,252,075	1,164,142
Interest earnings	2(a)	68,898	87,475	117,179
Other revenue	2(a)	106,657	61,405	92,409
		4,719,152	4,564,040	5,632,906
Expenses				
Employee costs		(2,204,452)	(2,272,080)	(2,027,299)
Materials and contracts		(960,473)	(1,222,020)	(1,089,471)
Utility charges		(137,705)	(148,030)	(139,609)
Depreciation on non-current assets	2(a)	(3,309,429)	(3,089,780)	(2,610,879)
Interest expenses	2(a)	(34,261)	(35,195)	(37,829)
Insurance expenses		(249,257)	(220,920)	(242,924)
Other expenditure		(238,618)	(203,480)	(183,968)
		(7,134,195)	(7,191,505)	(6,331,979)
		(2,415,043)	(2,627,465)	(699,073)
Non-operating grants, subsidies and contributions	29	2,295,484	2,330,635	1,476,280
Profit on asset disposals	20	0	21,170	12,473
(Loss) on asset disposals	20	(158,074)	(16,320)	(8,432)
Fair value adjustments to financial assets at				
Net result		**(277,633)**	**(291,980)**	**781,248**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	12	77,275,896	0	13,048,747
Total other comprehensive income		**77,275,896**	**0**	**13,048,747**
Total comprehensive income		**76,998,263**	**(291,980)**	**13,829,995**

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

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

	NOTE	2016 $	2016 Budget $	2015 $
Revenue	2(a)			
Governance		610	350	1,067
General purpose funding		3,032,502	3,059,030	4,116,845
Law, order, public safety		232,771	56,675	86,837
Health		793,623	820,190	799,819
Education and welfare		8,463	7,165	7,634
Housing		44,365	48,350	41,050
Community amenities		186,892	189,915	135,196
Recreation and culture		48,385	53,240	53,650
Transport		181,641	162,555	181,636
Economic services		95,375	93,465	106,549
Other property and services		94,525	73,105	111,055
		4,719,152	4,564,040	5,641,338
Expenses	2(a)			
Governance		(324,528)	(346,560)	(302,668)
General purpose funding		(104,251)	(106,325)	(102,795)
Law, order, public safety		(233,502)	(247,285)	(163,755)
Health		(1,037,133)	(989,644)	(927,038)
Education and welfare		(123,406)	(123,589)	(124,595)
Housing		(195,022)	(185,921)	(172,133)
Community amenities		(291,866)	(329,891)	(253,781)
Recreation and culture		(823,333)	(884,019)	(825,304)
Transport		(3,396,775)	(3,502,190)	(2,996,048)
Economic services		(420,698)	(422,471)	(385,536)
Other property and services		(149,420)	(18,415)	(48,929)
		(7,099,934)	(7,156,310)	(6,302,582)
Finance costs	2(a)			
Health		(793)	(985)	(1,374)
Education and welfare		(17,674)	(17,835)	(18,583)
Housing		(4,261)	(4,370)	(4,637)
Community amenities		(1,016)	(1,030)	(1,209)
Recreation and culture		(7,708)	(7,960)	(8,402)
Economic services		(1,569)	(1,755)	(2,242)
Other property and services		(1,240)	(1,260)	(1,382)
		(34,261)	(35,195)	(37,829)
		(2,415,043)	(2,627,465)	(699,073)
Non-operating grants, subsidies and contributions	29	2,295,484	2,330,635	1,476,280
Profit on disposal of assets	20	0	21,170	4,041
(Loss) on disposal of assets	20	(158,074)	(16,320)	0
Fair value adjustments to financial assets at				
Net result		**(277,633)**	**(291,980)**	**781,248**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	12	77,275,896	0	13,048,747
Total other comprehensive income		**77,275,896**	**0**	**13,048,747**
Total comprehensive income		**76,998,263**	**(291,980)**	**13,829,995**

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

SHIRE OF BOYUP BROOK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	3	2,077,110	3,068,015
Trade and other receivables	4	203,483	415,814
Inventories	5	5,860	2,263
TOTAL CURRENT ASSETS		2,286,453	3,486,092
NON-CURRENT ASSETS			
Property, plant and equipment	6	15,594,502	14,553,521
Infrastructure	7	162,383,279	85,471,308
TOTAL NON-CURRENT ASSETS		177,977,781	100,024,829
TOTAL ASSETS		180,264,234	103,510,921
CURRENT LIABILITIES			
Trade and other payables	8	188,174	484,077
Current portion of long term borrowings	9	53,696	50,641
Provisions	10	606,121	490,694
TOTAL CURRENT LIABILITIES		847,991	1,025,412
NON-CURRENT LIABILITIES			
Long term borrowings	9	564,614	618,310
Provisions	10	34,738	48,568
TOTAL NON-CURRENT LIABILITIES		599,352	666,878
TOTAL LIABILITIES		1,447,343	1,692,290
NET ASSETS		178,816,894	101,818,631
EQUITY			
Retained surplus		51,277,447	51,896,498
Reserves - cash backed	11	1,350,479	1,009,061
Revaluation surplus	12	126,188,968	48,913,072
TOTAL EQUITY		178,816,894	101,818,631

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

SHIRE OF BOYUP BROOK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	RETAINED SURPLUS $	RESERVES CASH BACKED $	REVALUATION SURPLUS $	TOTAL EQUITY $
Balance as at 1 July 2014		**50,812,506**	**1,311,805**	**35,864,325**	**87,988,636**
Comprehensive income					
Net result		781,248	0	0	781,248
Changes on revaluation of assets	12	0	0	13,048,747	13,048,747
Total comprehensive income		781,248	0	13,048,747	13,829,995
Transfers from/(to) reserves		302,744	(302,744)	0	0
Balance as at 30 June 2015		**51,896,498**	**1,009,061**	**48,913,072**	**101,818,631**
Comprehensive income					
Net result		(277,633)	0	0	(277,633)
Changes on revaluation of assets	12	0	0	77,275,896	77,275,896
Total comprehensive income		(277,633)	0	77,275,896	76,998,263
Transfers from/(to) reserves		(341,418)	341,418	0	0
Balance as at 30 June 2016		**51,277,447**	**1,350,479**	**126,188,968**	**178,816,894**

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

SHIRE OF BOYUP BROOK
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		2,416,819	2,455,730	2,302,048
Operating grants, subsidies and contributions		1,023,092	762,440	1,965,115
Fees and charges		1,202,279	1,253,295	1,143,025
Service charges		0	0	0
Interest earnings		68,898	87,475	117,179
Goods and services tax		113,738	180,982	(33,757)
Other revenue		106,657	61,405	91,525
		4,931,483	4,801,327	5,585,135
Payments				
Employee costs		(2,294,107)	(2,272,080)	(2,016,723)
Materials and contracts		(1,067,846)	(1,284,025)	(997,232)
Utility charges		(137,705)	(148,030)	(139,609)
Interest expenses		(35,136)	(35,195)	(38,539)
Insurance expenses		(249,257)	(220,920)	(242,924)
Goods and services tax		0	(129,470)	(56,868)
Other expenditure		(238,618)	(203,480)	(183,972)
		(4,022,669)	(4,293,200)	(3,675,867)
Net cash provided by (used in) operating activities	13(b)	908,814	508,127	1,909,268
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,119,658)	(1,947,945)	(889,977)
Payments for construction of infrastructure		(3,248,260)	(3,555,100)	(1,883,072)
Non-operating grants, subsidies and contributions		2,295,484	2,330,635	1,476,280
Proceeds from sale of fixed assets		223,362	260,150	62,727
Net cash provided by (used in) investment activities		(1,849,072)	(2,912,260)	(1,234,042)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(50,638)	(50,639)	(47,763)
Proceeds from new debentures		0	510,000	0
Net cash provided by (used in) financing activities		(50,638)	459,361	(47,763)
Net increase (decrease) in cash held		(990,896)	(1,944,772)	627,463
Cash at beginning of year		3,068,015	3,064,792	2,440,552
Cash and cash equivalents at the end of the year	13(a)	2,077,110	1,120,020	3,068,015
		0		

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

SHIRE OF BOYUP BROOK
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)		2,092,427	1,866,590	1,148,692
		2,092,427	1,866,590	1,148,692
Revenue from operating activities (excluding rates)				
Governance		610	350	1,067
General purpose funding		636,659	658,385	1,828,678
Law, order, public safety		232,771	56,675	86,837
Health		793,623	820,190	799,819
Education and welfare		8,463	7,165	7,634
Housing		44,365	48,350	41,050
Community amenities		186,892	189,915	135,196
Recreation and culture		48,385	53,490	53,650
Transport		181,641	176,475	185,677
Economic services		95,375	100,465	106,549
Other property and services		94,525	73,105	111,055
		2,323,309	2,184,565	3,357,212
Expenditure from operating activities				
Governance		(324,528)	(346,560)	(302,668)
General purpose funding		(104,251)	(106,325)	(102,795)
Law, order, public safety		(240,891)	(247,285)	(163,755)
Health		(1,066,281)	(997,904)	(928,412)
Education and welfare		(141,080)	(141,424)	(143,178)
Housing		(199,283)	(190,291)	(176,770)
Community amenities		(292,882)	(330,921)	(254,990)
Recreation and culture		(840,276)	(891,979)	(833,706)
Transport		(3,484,800)	(3,502,190)	(2,996,048)
Economic services		(430,322)	(424,226)	(387,778)
Other property and services		(167,675)	(28,720)	(50,311)
		(7,292,269)	(7,207,825)	(6,340,411)
Operating activities excluded from budget				
(Profit) on disposal of assets	20	0	(21,170)	(12,473)
Loss on disposal of assets	20	158,074	16,320	8,432
Movement in employee benefit provisions (non-current)		(13,830)	0	13,949
Movement in employee benefit provisions (current)		115,427	0	(26,306)
Movement in Accrued Salaries & Wages		(82,425)	0	22,931
Movement in Inventory		(3,597)	0	1,125
Movement in Accrued Interest		(875)	0	(710)
Depreciation and amortisation on assets	2(a)	3,309,429	3,089,780	2,610,879
Amount attributable to operating activities		605,670	(71,740)	783,320
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,295,484	2,330,635	1,476,280
Proceeds from disposal of assets	20	223,362	260,150	62,727
Purchase of property, plant and equipment	6(b)	(1,119,658)	(1,947,945)	(889,977)
Purchase and construction of infrastructure	7(b)	(3,248,260)	(3,555,100)	(1,883,071)
Amount attributable to investing activities		(1,849,072)	(2,912,260)	(1,234,041)
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(50,638)	(50,639)	(47,763)
Proceeds from new debentures	21(a)	0	510,000	0
Transfers to reserves (restricted assets)	11	(853,222)	(811,886)	(64,661)
Transfers from reserves (restricted assets)	11	511,804	935,881	367,405
Amount attributable to financing activities		(392,056)	583,356	254,981
Surplus(deficiency) before general rates		(1,635,458)	(2,400,644)	(195,740)
Total amount raised from general rates	22	2,395,843	2,400,645	2,288,167
Net current assets at June 30 c/fwd - surplus/(deficit)	23	**760,376**	**1**	**2,092,427**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.
The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(c) Cash and Cash Equivalents

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

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

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 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.

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.

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	5 to 50 years
Furniture and equipment	2 to 10 years
Plant and equipment	2 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	67 years
seal	
- bituminous seals	28 years
- asphalt surfaces	28 years
Gravel roads	
formation	not depreciated
pavement	67 years
Formed roads (unsealed)	
formation	not depreciated
pavement	67 years
Footpaths - slab	17 to 26 years
Water supply piping and drainage systems	75 years
Bridges	30 to 90 years
Other Infrastructure	10 to 110 years
Recreation	20 to 40 years
Parks and Open Spaces	20 to 40 years

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

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

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

Capitalisation threshold

Expenditure on items of equipment under $1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability

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

Valuation techniques

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

Market approach

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

(h) Financial Instruments

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

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

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

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

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.

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 poition 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.

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: *Joint Arrangements* 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: *Business Combinations,* 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 curently 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.

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 *Related Party Disclosures* 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.

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

2. REVENUE AND EXPENSES

(a) Net Result

The Net result includes:

(i) Charging as an expense:

	2016 $	2015 $
Auditors remuneration		
- Audit of the Annual Financial Report	14,980	14,450
Depreciation		
Buildings - non-specialised		0
Buildings - specialised	540,104	541,661
Furniture and equipment	37,495	30,747
Plant and equipment	213,696	71,412
Infrastructure - roads	1,936,420	1,915,451
Infrastructure - footpaths	19,727	2,786
Infrastructure - drainage	160,317	8,856
Infrastructure - parks and ovals	30,327	3,807
Infrastructure - bridges	273,319	5,672
Infrastructure - other	25,243	15,982
Infrastructure - recreation	72,781	14,505
	3,309,429	2,610,879
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	35,136	37,829
Accrued Interest on Loans	(875)	(710)
	34,261	37,119

(ii) Crediting as revenue:

	2016 $	2015 $
Other revenue		
Other	106,657	92,409
	106,657	92,409

	2016 Actual $	2016 Budget $	2015 Actual $
Interest earnings			
- Reserve funds	17,983	26,500	42,546
- Other funds	23,294	39,835	48,048
Other interest revenue (refer note 27)	27,621	21,140	26,585
	68,898	87,475	117,179

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire of Boyup Brook's vision for the community captures four dimensions as follows:

1. Social - The Shire of Boyup Brook focus is developing an active, vibrant, safe, caring and secure community, including access to services and facilities that meet our requirements.
2. Natural Environment - Preserving and enhancing our natural environment is a key aspect to the Shire of Boyup Brook's future to retain its 'river and forest' identity. The Shire will focus on valuing natural resources, managing use of water and energy.
3. Built Environment - The shire will focus on enhancing the town through improved streetscaping and infrastructure. The shire will focus on land-use, including local roads, parks, reserves and facilities will meet the future needs of the growing community, and create employment opportunities through commercial and industrial land-use.
4. Economic Development - The economy will thrive through diversifying business and employment opportunities, through attracting industrial and commercial opportunities for the growing community, by actively supporting all local businesses.

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

GOVERNANCE
Objective & Activies:
Member of Council Allowances and Reimbursements. Civic Functions. Election Expenses and Governance of the Shire.

GENERAL PURPOSE FUNDING
Objective & Activities:
Rates Levied. Interest on late payment of rates. General Purpose Grants & Interest Received on Investments.

LAW, ORDER, PUBLIC SAFETY
Objective & Activities:
Fire Prevention. Supervision of various Local Laws. Ranger Services and Animal Control. Civil Emergency Services.

HEALTH
Objective and Activities:
Environmental Health. Food Control. Pest Control. Immunisation and Provision of Medical Services.

EDUCATION AND WELFARE
Objective and Activities:
Pre-Schools and other Education. Aged and Disabled. Senior Citizen Services and Youth Welfare.

HOUSING
Objective and Activities:
Public and Staff Housing.

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES
Objective and Activities:
Refuse Collection Services. Landfill Site Operations. Protection of the Environment. Administration of the Town Planning Scheme. Cemetery and Memorials Maintenance and Urban and Storm Water Drainage Works.

RECREATION AND CULTURE
Objective and Activities:
Maintenance of Halls. Swimming Pool. Reserves and Parks & Gardens. Sport and Recreation. Libraries and Other Culture.

TRANSPORT
Objective and Activities:
Maintenance of Roads. Bridges and Footpaths. Street Lighting. Crossovers. Verge Maintenance. Street Sweeping. Street Trees. Vehicle Licencing. Traffic Management & Parking. Airstrip.

ECONOMIC SERVICES
Objective and Activities:
Weed Control. Area Promotion. Caravan Park & Flax Mill. Implementation of Building Controls. Swimming Pool Inspections. Saleyards & Satndpipes.

OTHER PROPERTY AND SERVICES
Objective and Activities:
Private Works. Public Works Overheads. Plant operations. Materials. Salaries and Wages Controls. Administration Services. Other Unclassified Activities

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (1) 1/07/14 $	Received (2) 2014/15 $	Expended (3) 2014/15 $	Closing Balance (1) 30/06/15 $	Received (2) 2015/16 $	Expended (3) 2015/16 $	Closing Balance 30/06/16 $
DFES - Bushfire Risk Defence	Law, Order	0			**0**	50,000	(20,678)	**29,322**
DFES - Bushfire Risk Management	Law, Order	0	0	0	**0**	154,748	(32,240)	**122,508**
DLGC - Cat Management Facility	Law, Order	2,573	0	(870)	**1,703**	0	(1,703)	**0**
DLGC - Cat Sterilisation Program	Law, Order	2,500	0	0	**2,500**	0	(2,500)	**0**
DSR KidzSport Program	Rec & Culture	21,786	0	(13,628)	**8,158**	6,600	(8,158)	**6,600**
CLGF 2012-13 - Depot Renew	Transport	83,840	0	(67,264)	**16,576**	0	(16,576)	**0**
WA LG Grants Commission	Transport	170,000	376,000	(376,000)	**170,000**	0	(158,985)	**11,015**
WA LG Grants Commission	Transport	0	0	0	**0**	464,000	(464,000)	**0**
DIRD - Roads to Recovery	Transport	0			**0**	1,193,419	(1,120,612)	**72,807**
Banks Road Development	Transport	0	91,072	(40,042)	**51,030**	0	(45,817)	**5,213**
CLGF 2012-13 - Saleyards Renew	Econ Devel	59,227	0	(12,727)	**46,500**	0	(46,500)	**0**
DLGC - Workforce Planning	Other Property	682	0	0	**682**	0	(682)	**0**
Total		340,608	467,072	(510,531)	297,149	1,868,767	(1,918,451)	247,465

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.

(4) - A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

3. CASH AND CASH EQUIVALENTS

	Note	2016 $	2015 $
Unrestricted		479,166	1,361,805
Restricted		1,597,944	1,706,210
		2,077,110	3,068,015
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	47,453	46,622
Plant reserve	11	148,931	96,486
Building reserve	11	632	621
Depot reserve	11	10,446	10,263
Community Housing reserve	11	66,980	68,535
Emergency reserve	11	10,627	10,441
Insurance Claim reserve	11	14,106	13,859
Flaxmill Sheds reserve	11	24,384	23,955
Recreation reserve	11	95,454	131,265
Commercial reserve	11	479,907	499,520
Bush Fire Radio reserve	11	947	931
Infrastructure reserve	11	439	431
Bridges reserve	11	142	290
Medical Serveices reserve	11	114	1,585
Swimming Pool reserve	11	36,934	36,287
Town Hall reserve	11	1	1
Admin Office Building reserve	11	1,974	1,939
Aged Accommodation reserve	11	364,130	6,947
Road Contributions reserve	11	26,535	20,949
IT/Office Equipment reserve	11	11,543	18,575
Transfer Station reserve	11	91	90
Caravan Park reserve	11	7,641	18,419
Library Furniture reserve	11	1,068	1,050
Unspent grants	2(c)	247,465	247,224
Unspent loans	21(c)	357,059	400,000
Less Loans transferred to Reserve	11	(357,059)	0
		1,597,944	1,656,285

4. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current		
Rates outstanding	116,653	136,631
Sundry debtors	100,530	177,445
GST receivable	0	113,738
Less: Receipts in Advance	(13,700)	(12,000)
	203,483	415,814

5. INVENTORIES

	2016 $	2015 $
Current		
Fuel and materials	5,860	2,263
	5,860	2,263

6 (a). PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Land and buildings		
Land - freehold at:		
- Independent valuation 2013	0	2,434,500
- Independent valuation 2016	2,154,500	0
- Additions after valuation - cost	0	41,384
	2,154,500	2,475,884
	2,154,500	2,475,884
Buildings - non-specialised at:		
- Independent valuation 2013	0	10,532,950
- Independent valuation 2016	10,347,209	0
- Additions after valuation - cost	0	407,986
- Adjustments	0	(774)
Less: accumulated depreciation	0	(1,081,712)
	10,347,209	9,858,450
	10,347,209	9,858,450
Total land and buildings	12,501,709	12,334,334
Furniture and equipment at:		
- Independent valuation 2013	0	54,600
- Independent valuation 2016	81,537	0
- Additions after valuation - cost	41,545	90,696
Less accumulated depreciation	(2,387)	(54,624)
	120,695	90,672
Plant and equipment at:		
- Independent valuation 2013	0	1,555,865
- Independent valuation 2016	2,791,989	0
- Additions after valuation - cost	183,925	691,907
Less accumulated depreciation	(3,816)	(119,257)
	2,972,098	2,128,515
	15,594,502	14,553,521

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.

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year $	Additions $	(Disposals) $	Revaluation Increments/ (Decrements) Transferred to Revaluation $	Revaluation (Losses)/ Reversals Through to Profit or Loss $	Impairment (Losses)/ Reversals $	Depreciation (Expense) $	Transfers $	Carrying Amount at the End of Year $
Land - freehold	2,475,884	0	0	(321,384)	0	0	0	0	2,154,500
Total land	2,475,884	0	0	(321,384)	0	0	0	0	2,154,500
Buildings - non-specialised	9,858,450	337,877	0	690,963	0	0	(540,104)	23	10,347,209
Total buildings	9,858,450	337,877	0	690,963	0	0	(540,104)	23	10,347,209
Total land and buildings	12,334,334	337,877	0	369,579	0	0	(540,104)	23	12,501,709
Furniture and equipment	90,672	41,545	0	26,663	0	0	(37,495)	(690)	120,695
Plant and equipment	2,128,515	740,236	(381,432)	697,785	0		(213,696)	690	2,972,098
Total property, plant and equipment	14,553,521	1,119,658	(381,432)	1,094,027	0	0	(791,295)	23	15,594,502

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	Independent Valuer	June 2016	Recent observable market data for similar properties
Buildings - non-specialised	2	Market approach	Independent Valuer	June 2016	Direct comparison, summation or income approaches. Consideration of market and economic conditions including area, location and site conditions
Buildings - non-specialised	3	Cost approach	Independent Valuer	June 2016	Useful life, residual value, rate per square metre and current condition applied on a component basis
Furniture and equipment					
- Independent valuation 2013	2	Market approach	Independent Valuer	June 2016	Direct comparison, summation or income approaches
- Independent valuation 2013	3	Cost approach	Independent Valuer	June 2016	Depreciation methodology and residual value, considering age and condition
Plant and equipment					
- Independent valuation 2016	2	Market approach	Independent Valuer	June 2016	Consideration to type, standard and condition

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.

7 (a). INFRASTRUCTURE

	2016 $	2015 $
Infrastructure - roads		
- Independent valuation 2013	0	106,491,537
- Independent valuation 2016	107,262,403	0
- Additions after valuation - cost	2,053,876	2,608,053
Less accumulated depreciation	0	(38,726,883)
	109,316,279	70,372,707
Infrastructure - footpaths		
- Independent valuation 2013	0	491,438
- Independent valuation 2016	203,326	0
- Additions after valuation - cost	40,079	0
Less accumulated depreciation	0	0
	243,405	491,438
Infrastructure - drainage		
- Independent valuation 2013	0	4,097,101
- Independent valuation 2016	41,589,577	0
- Cost	34,153	28,827
Less accumulated depreciation	0	(148)
	41,623,730	4,125,780
Infrastructure - parks and ovals		
- Management valuation	277,280	277,280
- Additions after valuation - cost	33,645	30,695
Less accumulated depreciation	(30,521)	(194)
	280,404	307,781
Infrastructure - bridges		
- Management valuation	8,093,027	8,093,027
- Additions after valuation - cost	999,139	313,171
Less accumulated depreciation	(273,319)	0
	8,818,847	8,406,198
Infrastructure - other		
- Management valuation	251,672	251,672
- Additions after valuation - cost	217,365	100,429
- Adjustments	774	774
Less accumulated depreciation	(26,143)	(880)
	443,668	351,995
Infrastructure - recreation		
- Management valuation	1,357,729	1,357,729
- Additions after valuation - cost	371,978	57,680
Less accumulated depreciation	(72,761)	0
	1,656,946	1,415,409
	162,383,279	85,471,308

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.

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	70,372,707	2,053,876	0	38,826,116	0	0	(1,936,420)		109,316,279
Infrastructure - footpaths	491,438	40,079	0	(268,385)	0	0	(19,727)		243,405
Infrastructure - drainage	4,125,780	34,153	0	37,624,114	0	0	(160,317)		41,623,730
Infrastructure - parks and ovals	307,781	2,950	0	0	0	0	(30,327)	0	280,404
Infrastructure - bridges	8,406,198	685,968	0	0	0	0	(273,319)	0	8,818,847
Infrastructure - other	351,995	116,936	0	0	0	0	(25,243)	(20)	443,668
Infrastructure - recreation	1,415,409	314,298	0	0	0	0	(72,781)	20	1,656,946
Total infrastructure	85,471,308	3,248,260	0	76,181,845	0	0	(2,518,134)	0	162,383,279

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	Depreciated Replacement Cost	Independent Valuer	June 2016	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - footpaths	3	Depreciated Replacement Cost	Independent Valuer	June 2016	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - drainage	3	Depreciated Replacement Cost	Independent Valuer	June 2016	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - parks and ovals	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - bridges	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - other	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - recreation	3	Depreciated Replacement Cost	Independent Valuer	June 2015	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life

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.

	2016	2015
	$	$

8. TRADE AND OTHER PAYABLES

	2016	2015
Current		
Sundry creditors	169,738	273,514
Accrued interest on debentures	7,766	8,641
Accrued salaries and wages	10,670	93,095
ATO liabilities	0	108,827
	188,174	484,077

9. LONG-TERM BORROWINGS

	2016	2015
Current		
Borrowings Secured by floating charge		
Debentures	53,696	50,641
	53,696	50,641
Non-current		
Secured by floating charge		
Debentures	564,614	618,310
	564,614	618,310

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave $	Provision for Long Service Leave $	Total $
Opening balance at 1 July 2015			
Current provisions	247,149	243,545	490,694
Non-current provisions	0	48,568	48,568
	247,149	292,113	539,262
Additional provision	80,051	21,546	101,597
Balance at 30 June 2016	327,200	313,659	640,859
Comprises			
Current	327,200	278,921	606,121
Non-current	0	34,738	34,738
	327,200	313,659	640,859

11. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to	Budget 2016 Transfer (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to	Actual 2015 Transfer (from)	Actual 2015 Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
Leave reserve	46,622	831	0	47,453	53,985	1,355	0	55,340	72,223	2,342	(27,943)	46,622
Plant reserve	96,486	301,605	(249,160)	148,931	96,280	301,605	(249,160)	148,725	245,397	7,959	(156,870)	96,486
Building reserve	621	11	0	632	616	14	0	630	601	20	0	621
Depot reserve	10,263	183	0	10,446	10,183	257	0	10,440	9,941	322	0	10,263
Community Housing reserve	68,535	22,715	(24,270)	66,980	59,594	25,181	(29,950)	54,825	50,253	23,745	(5,463)	68,535
Emergency reserve	10,441	186	0	10,627	20,731	524	0	21,255	38,468	1,248	(29,275)	10,441
Insurance Claim reserve	13,859	247	0	14,106	13,751	344	0	14,095	13,424	435	0	13,859
Flaxmill Sheds reserve	23,955	429	0	24,384	19,749	496	0	20,245	23,203	752	0	23,955
Recreation reserve	131,265	2,339	(38,150)	95,454	130,017	3,258	(39,260)	94,015	121,599	73,191	(63,525)	131,265
Commercial reserve	499,520	8,902	(28,515)	479,907	495,630	12,425	(27,000)	481,055	483,828	15,692	0	499,520
Bush Fire Radio reserve	931	16	0	947	294	6	0	300	15,219	494	(14,782)	931
Infrastructure reserve	431	8	0	439	835	20	0	855	13,705	36,726	(50,000)	431
Bridges reserve	290	62,834	(62,982)	142	288	62,507	(62,500)	295	281	9	0	290
Medical Serveices reserve	1,585	29	(1,500)	114	1,545	40	(1,500)	85	4,847	157	(3,419)	1,585
Swimming Pool reserve	36,287	647	0	36,934	36,004	901	(36,900)	5	35,147	1,140	0	36,287
Town Hall reserve	1	0	0	1	1	0	(1)	0	1	0	0	1
Admin Office Building reserve	1,939	35	0	1,974	1,924	46	(1,950)	20	1,878	61	0	1,939
Aged Accommodation reserve	6,947	400,124	(42,941)	364,130	6,750	400,180	(406,830)	100	24,327	789	(18,169)	6,947
Road Contributions reserve	20,949	51,403	(45,817)	26,535	71,461	1,789	(51,030)	22,220	20,291	658	0	20,949
IT/Office Equipment reserve	18,575	331	(7,363)	11,543	17,457	438	(17,500)	395	19,418	630	(1,473)	18,575
Transfer Station reserve	90	1	0	91	89	1	0	90	87	3	0	90
Caravan Park reserve	18,419	328	(11,106)	7,641	18,749	471	(11,250)	7,970	116,650	3,783	(102,014)	18,419
Library Furniture reserve	1,050	18	0	1,068	1,042	28	(1,050)	20	1,017	33	0	1,050
	1,009,061	853,222	(511,804)	1,350,479	1,056,975	811,886	(935,881)	932,980	1,311,805	170,189	(472,933)	1,009,061

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.

11. RESERVES - CASH BACKED

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

Name of Reseve	Anticipated date of use	Purpose of the reserve
Leave reserve	*	- to be used to fund annual, sick and long service leave requirements
Plant reserve	*	- to be used for the purchase of items of plant including graders, trucksw, utes, sedans, etc
Building reserve	*	- to be used to fund future maintenance of Shire owned buildings including heritage buildings.
Depot reserve	**	- to be used to fund future requirements relating to the upgrade of depot facilities.
Community Housing reserve	*	- to be used for the maintenance of the Homeswest housing units in Forrest & Proctor Sts.
Emergency reserve	*	- to be used For emergency situations during and outside working hours for example trees on roads, minor flooding, car accidents and supply of services services and materials deemed necessary in an emergency
Insurance Claim reserve	*	- to be used fund insurance claims excesses, where insurance claims are excessive in any one year.
Flaxmill Sheds reserve	**	- to be used to fund future requirements relating to maintenance and upgrade of the large sheds (storage) at the Flax Mill Complex.
Recreation reserve	*	- to be used to fund improvements to the Recreation Facilities and Grounds.
Commercial reserve	*	- to be used for future economic development, enhancement and promotion of the district.
Bush Fire Radio reserve	**	- to be used to fund bush fire radio changeocver and future radio requirements and for the maintenance of the bush fire radio tower.
Infrastructure reserve	**	- to be used for the development on infrastructure in the Shire.
Bridges reserve	*	- to be used to fund future requirements of bridge works.
Medical Serveices reserve	**	- to be used to fund future medical services requirements.
Swimming Pool reserve	*	- to be used to fund future major improvement/maintenance projects at the swimming pool.
Town Hall reserve	**	- to be used to fund future major improvement/maintenance projects at the Town Hall.
Admin Office Building reserve	**	- to be used to fund future major improvements/additions to the Administration Centre.
Aged Accommodation reserve	*	- to be used to fund future requirements of Aged Accommodation.
Road Contributions reserve	*	- to be used to set aside contributions from developers for road development when required.
IT/Office Equipment reserve	*	- to be used to fund future Information Technology requirements.
Transfer Station reserve	**	- to be used to fund future upgrade to the Transfer Station.
Caravan Park reserve	*	- to be used to fund future upgrades to the Caravan Park.
Library Furniture reserve	**	- to be used to fund future library furniture needs.

* These Reserves are not expected to be used within a set period as further transfers to the reserve are expected as funds are utilised.
** These reserve funds are expected to be fully utilised in 2016-17.

12. REVALUATION SURPLUS

	2016 Opening Balance $	2016 Revaluation Increment $	2016 Revaluation Decrement $	2016 Total Movement on Revaluation $	2016 Closing Balance $	2015 Opening Balance $	2015 Revaluation Increment $	2015 Revaluation Decrement $	2015 Total Movement on Revaluation $	2015 Closing Balance $
Land and buildings	8,324,782	369,579	0	369,579	8,694,361	8,324,782	0	0	0	8,324,782
Furniture and equipment	0	26,663	0	26,663	26,663	0	0	0	0	0
Plant and equipment	0	697,785	0	697,785	697,785	0	0	0	0	0
Infrastructure - roads	27,539,543	38,826,116	0	38,826,116	66,365,659	27,539,543	0	0	0	27,539,543
Infrastructure - footpaths	371,403	0	(268,385)	(268,385)	103,018	0	371,403	0	371,403	371,403
Infrastructure - drainage	3,464,318	37,624,114	0	37,624,114	41,088,432	0	3,464,318	0	3,464,318	3,464,318
Infrastructure - parks and ovals	199,383	0	0	0	199,383	0	199,383	0	199,383	199,383
Infrastructure - bridges	7,736,359	0	0	0	7,736,359	0	7,736,359	0	7,736,359	7,736,359
Infrastructure - other	99,221	24	0	24	99,245	0	99,221	0	99,221	99,221
Infrastructure - recreation	1,178,063	0	0	0	1,178,063	0	1,178,063	0	1,178,063	1,178,063
	48,913,072	77,544,281	(268,385)	77,275,896	126,188,968	35,864,325	13,048,747	0	13,048,747	48,913,072

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.

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016 $	2016 Budget $	2015 $
Cash and cash equivalents	2,077,110	1,120,020	3,068,015

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

	2016 $	2016 Budget $	2015 $
Net result	(277,633)	(291,980)	781,248
Non-cash flows in Net result:			
Depreciation	3,309,429	3,089,780	2,610,879
(Profit)/Loss on sale of asset	158,074	(4,850)	(4,041)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	212,331	(16,194)	(47,773)
(Increase)/Decrease in inventories	(3,597)	0	1,125
Increase/(Decrease) in payables	(295,903)	62,006	56,467
Increase/(Decrease) in Employee provisions	101,597	0	(12,357)
Grants contributions for the development of assets	(2,295,484)	(2,330,635)	(1,476,280)
Net cash from operating activities	908,814	508,127	1,909,268

(c) Undrawn Borrowing Facilities

	2016 $	2015 $
Credit Standby Arrangements		
Bank overdraft limit	50,000	50,000
Bank overdraft used balance date	(3,167)	0
Credit card limit	10,000	10,000
Credit card balance at balance date	0	(133)
Total amount of credit unused	56,833	59,867
Loan facilities		
Loan facilities - current	53,696	50,541
Loan facilities - non-current	564,614	618,310
Total facilities in use at balance date	518,310	668,951
Unused loan facilities at balance date	357,059	400,000

14. CONTINGENT LIABILITIES

There were no know contingent liabilities which might have financial ramifications for Council

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

	2016 $	2015 $
Contracted for:		
- capital expenditure projects (Pool Heating & Aged Accom)	41,818	39,260
- plant & equipment purchases (Isuzu NH NPR Cab Chassis)	74,230	294,500
Payable:		
- not later than one year	116,048	333,760

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016 $	2015 $
Governance	7,583	6,576
Law, order, public safety	409,273	346,893
Health	1,069,701	1,201,739
Education and welfare	2,209,600	847,866
Housing	2,538,109	2,524,438
Community amenities	302,583	247,625
Recreation and culture	6,183,554	5,464,486
Transport	160,454,271	83,882,796
Economic services	1,548,475	698,838
Other property and services	5,541,085	8,289,664
	180,264,234	103,510,921

18. FINANCIAL RATIOS

	2016	2015	2014
Current ratio	0.86	1.82	0.83
Asset sustainability ratio	1.15	0.85	0.81
Debt service cover ratio	8.98	22.82	3.38
Operating surplus ratio	(0.70)	(0.19)	(0.70)
Own source revenue coverage ratio	0.50	0.57	(0.50)

The above ratios are calculated as follows:

Current ratio	current assets minus restricted assets / current liabilities minus liabilities associated with restricted assets
Asset sustainability ratio	capital renewal and replacement expenditure / Depreciation expenses
Debt service cover ratio	annual operating surplus before interest and depreciation / principal and interest
Operating surplus ratio	operating revenue minus operating expenses / own source operating revenue
Own source revenue coverage ratio	own source operating revenue / 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 57 of this document.

Two of the 2016 and 2015 ratios disclosed above (Debt service cover ratio and Operating surplus ratio) are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant (general purpose and roads components) on 30 June 2015.
The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by $579,517.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Current ratio	1.00	N/A
Debt service cover ratio	15.74	16.06
Operating surplus ratio	(0.54)	(0.36)

At the time of preparing the 2016-17 Annual Budget (Jul-Aug 2016), the shire's financial management accounting system (SynergySoft) recognised both the Department of Sport and Recreation and Lotterywest as 2015-16 sundry debtors ($50,000 and $75,629 (excl GST) respectively), for work completed in 2015-16. Subsequently these revenues were deferred to 2016-17. If the revenue had not been deferred, the shire's 2016 Current Ratio would have been 1.00 as shown in the table above.

19. TRUST FUNDS

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

	1 July 2015 $	Amounts Received $	Amounts Paid ($)	30 June 2016 $
Bonds - Relocated Houses	22,242	10,000	(2,500)	29,742
Bonds - Council Houses	1,632	0	0	1,632
Deposits - Hall Hire	280	1,400	(1,000)	680
Fruit Fly Baiting Scheme	5,397	0	0	5,397
Deposits - Kerbing	1,400	0	0	1,400
BB Community Foundation	315	0	0	315
Deposits - Road Contributions	9	0	0	9
Interest on Trust Monies	4,942	254	0	5,196
Deposits - Nominations	0	400	(400)	0
Police Licencing	0	695,235	(680,102)	15,133
Bonds - Commercial	390	0	0	390
Bonds - Landscaping	2,000	0	0	2,000
Construction Training Fund	1,053	5,118	(6,171)	0
Building Service Levy	470	5,296	(5,307)	459
Equipment	0	220	(50)	170
Unclaimed Monies	0	36	0	36
	40,130			62,559

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value $	Actual Sale Proceeds $	Actual Profit $	Actual Loss $	Budget Net Book Value $	Budget Sale Proceeds $	Budget Profit $	Budget Loss $
Law, order, public safety								
- Fire Tender - Chowerup	7,389	0	0	(7,389)	0	0	0	0
Health								
- Fleet Vehicle (Doctor)	51,081	22,727	0	(28,355)	30,000	22,725	0	(7,275)
Recreation and culture								
- Small Plant (P&G)	8,816	1,092	0	(7,725)	0	250	250	0
- Massey Ferguson Tractor	1,965	455	0	(1,510)	0	0	0	0
Transport								
- Isuzu 14T Tip Truck	113,729	61,720	0	(52,009)	60,000	61,720	1,720	0
- Isuzu 3T Truck	0	0	0	0	25,000	30,000	5,000	0
- CAT Grader	78,957	47,000	0	(31,957)	37,800	42,000	4,200	0
- Isuzu NPR 300	34,958	31,236	0	(3,723)	22,500	25,000	2,500	0
- Small Plant (Works)	0	0	0	0	0	500	500	0
- Holden Rodeo	836	500	0	(336)	0	0	0	0
Economic services								
- Fleet Vehicle (CDO/Admin)	34,054	26,000	0	(8,055)	18,000	25,000	7,000	0
Other property and services								
- Fleet Vehicle (CEO)	49,647	32,632	0	(17,015)	35,000	32,955	0	(2,045)
- Fleet Vehicle (DCS)	0	0	0	0	27,000	20,000	0	(7,000)
	381,432	223,362	0	(158,074)	255,300	260,150	21,170	(16,320)

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 $	New Loans $	Principal Repayments Actual $	Principal Repayments Budget $	Principal 30 June 2016 Actual $	Principal 30 June 2016 Budget $	Interest Repayments Actual $	Interest Repayments Budget $
Health								
- L102 Doctor's Housing	17,540		8,495	8,495	9,045	9,045	986	985
Education and welfare								
- L118 Aged Accommodation	374,843		13,502	13,502	361,341	361,341	17,832	17,835
Housing								
- L115 Staff Housing	75,561		5,056	5,056	70,505	70,505	4,370	4,370
Community amenities								
- L112 Landfill	15,244		2,640	2,640	12,604	12,604	1,017	1,030
					0	0		
Recreation and culture								
- L114 Pool	137,427		9,191	9,190	128,236	128,237	7,961	7,960
Economic services								
- L106 Flax Mill Complex	13,898		5,266	5,268	8,632	8,630	893	905
- L109 Flax Mill Water	14,415		4,506	4,506	9,909	9,909	837	850
Other property and services								
- L110 Administration Building	20,023		1,982	1,982	18,041	18,041	1,240	1,260
	668,951	0	50,638	50,639	618,313	618,312	35,136	35,195

All loan repayments were financed by general purpose revenue.

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed Actual $	Amount Borrowed Budget $	Institution	Loan Type	Term (Years)	Total Interest & Charges $	Interest Rate %	Amount Used Actual $	Amount Used Budget $	Balance Unspent $
- L119A Aged Accommodation	0	275,000	WATC	Debenture	20	134,030	4.00%	0	(275,000)	0
- L120A Aged Accommodation	0	235,000	WATC	Debenture	20	114,535	4.00%	0	(235,000)	0
	0	510,000				248,565		0	(510,000)	0

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

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 15 $	Borrowed During Year $	Expended During Year $	Balance 30 June 16 $
					0
- L118 Aged Accommodation	26/04/2013	400,000	0	(42,941)	357,059
					0
		400,000	0	(42,941)	357,059

(d) Overdraft

To assist with short term liquidity requirements, Council has in place a $50,000 overdraft facility with the Commonwealth Bank of Australia.
The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was $3,167.

22. 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 $
Differential general rate / general rate											
Gross rental value valuations											
General Rate - GRV	$11.5995	292	3,187,863	369,776	(540)	0	369,236	369,776	0	0	369,776
Unimproved value valuations											
General Rate UV - Rural Pursuit	$0.6750	650	260,392,000	1,757,646	(2,811)	(247)	1,754,588	1,757,646	1,615	0	1,759,261
General Rate UV - Mining	$14.9207	8	198,523	29,621	225	0	29,846	29,620	0	0	29,620
Sub-Total		950	263,778,386	2,157,043	(3,126)	(247)	2,153,670	2,157,042	1,615	0	2,158,657
	Minimum $										
Minimum payment											
Gross rental value valuations											
General Rate - GRV	806	56	250,482	45,136	0	0	45,136	45,136	0	0	45,136
Unimproved value valuations											
General Rate UV - Rural Pursuit	747	261	19,946,590	194,967	0	0	194,967	194,967	0	0	194,967
General Rate UV - Mining	500	7	11,409	3,500	0	0	3,500	3,500	0	0	3,500
Sub-Total		324	20,208,481	243,603	0	0	243,603	243,603	0	0	243,603
		1,274	283,986,867	2,400,646	(3,126)	(247)	2,397,273	2,400,645	1,615	0	2,402,260
Discounts/concessions (refer note 26)							(1,430)				(1,615)
Total amount raised from general rate							2,395,843				2,400,645
Specified Area Rate (refer note 24)							0				0
Ex-gratia rates							998				980
Totals							2,396,841				2,401,625

23. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) $	2016 (1 July 2015 Brought Forward) $	2015 (30 June 2015 Carried Forward) $
Surplus/(Deficit) 1 July 15 brought forward	760,376	2,092,427	2,092,427
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	479,166	1,361,805	1,361,805
Restricted	1,597,944	1,706,210	1,706,210
Receivables			
Rates outstanding	116,653	136,631	136,631
Sundry debtors	100,530	177,445	177,445
GST receivable	0	113,738	113,738
Less: Receipts in Advance	(13,700)	(12,000)	(12,000)
Inventories			
Fuel and materials	5,860	2,263	2,263
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(169,738)	(273,514)	(273,514)
Accrued interest on debentures	(7,766)	(8,641)	(8,641)
Accrued salaries and wages	(10,670)	(93,095)	(93,095)
ATO liabilities	0	(108,827)	(108,827)
Current portion of long term borrowings			
Borrowings Secured by floating charge	(53,696)	(50,641)	(50,641)
Provisions			
Provision for annual leave	(327,200)	(247,149)	(247,149)
Provision for long service leave	(278,921)	(243,545)	(243,545)
Unadjusted net current assets	**1,438,462**	**2,460,680**	**2,460,680**
Adjustments			
Less: Reserves - restricted cash	(1,350,479)	(1,009,061)	(1,009,061)
Less: Inventories	(5,860)	(2,263)	(2,263)
Add: Borrowings Secured by floating charge	53,696	50,641	50,641
Add: Provisions	606,121	490,694	490,694
Add: Accrued Interest on Debentures	7,766	8,641	8,641
Add: Accrued Salaries and Wages	10,670	93,095	93,095
Adjusted net current assets - surplus/(deficit)	760,376	2,092,427	2,092,427

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.

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any specified area rates.

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

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

Rates Write-Offs

Rates Written Off	Balances $	Actual $	Budget $	Circumstances in which Rates were Written Off
Rates Assessments	<$5.00	310	250	Council wrote off small rates account balances, i.e. balances less than $5.00.
		310	250	

Waivers or Concessions

Rates to which a Waiver or Concession is Granted	Type	Discount %	Actual $	Budget $
Rates Assessments	Concession	50%	1,120	1,365
			1,120	1,365

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
Concession	Assessments A15129, A3270 and A12300.	To levy rates equitably on properties which encroach into neighboring shires.	These properties straddle both the Shires of Boyup Brook & Donnybrook-Bailingup, and therefore are rated by both shires.

27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAF

Instalment Options	Date Due	Instalment Plan Admin Charge $	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	08-Oct-15	0	0.00%	11.00%
Option Two				
First Instalment	08-Oct-15	0	5.50%	11.00%
Second Instalment	08-Dec-15	12		
Third Instalment	08-Feb-16	12		
Fourth Instalment	08-Apr-16	12		

	Revenue $	Budgeted Revenue $
Interest on unpaid rates	21,260	15,250
Interest on instalment plan	6,361	5,890
Charges on instalment plan	6,555	6,805
	34,176	27,945

28. FEES & CHARGES

	2016 $	2015 $
Governance	465	381
General purpose funding	14,209	17,234
Law, order, public safety	11,595	8,092
Health	793,623	799,819
Housing	43,655	41,050
Community amenities	182,511	122,142
Recreation and culture	41,315	53,121
Transport	7,795	33,558
Economic services	93,145	67,848
Other property and services	13,966	20,897
	1,202,279	1,164,142

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

29. GRANT REVENUE

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

By Nature or Type:	2016 $	2015 $
Operating grants, subsidies and contributions		
Governance	0	686
General purpose funding	552,554	1,694,266
Law, order, public safety	221,176	78,745
Education and welfare	7,463	7,634
Housing	710	0
Recreation and culture	7,070	529
Transport	139,500	138,964
Economic services	2,230	7,855
Other property and services	13,774	42,330
	944,477	1,971,009
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	326,797
Recreation and culture	190,949	35,742
Transport	1,905,873	1,113,741
Economic services	198,662	0
	2,295,484	1,476,280
	3,239,961	3,447,289

30. EMPLOYEE NUMBERS

	2016	2015
The number of full-time equivalent employees at balance date	29	28

31. ELECTED MEMBERS REMUNERATION

	2016 $	2016 Budget $	2015 $
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	68,615	68,615	65,340
President's allowance	6,920	6,920	6,590
Deputy President's allowance	1,730	1,730	1,648
Travelling expenses	4,761	6,250	6,181
Telecommunications allowance	10,485	10,485	9,945
	92,511	94,000	89,704

32. MAJOR LAND TRANSACTIONS

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

34. 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	2,077,110	3,068,015	2,077,110	3,068,015
Receivables	203,483	415,814	203,483	415,814
	2,280,593	3,483,829	2,280,593	3,483,829
Financial liabilities				
Payables	188,174	484,077	188,174	484,077
Borrowings	618,310	668,951	618,310	668,951
	806,484	1,153,028	806,484	1,153,028

Fair value is determined as follows:

• Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

• Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

• Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents
Financial assets at fair value through profit and loss
Available-for-sale financial assets
Held-to-maturity investments

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 ininvestments 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	207,711	306,802
- Statement of Comprehensive Income	207,711	306,802
Impact of a 1% (1) movement in interest rates on cash		
- Equity	20,771	30,680
- Statement of Comprehensive Income	20,771	30,680

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

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

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

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

The level of outstanding debt is recviewed 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	50%	0%
- Overdue	50%	100%
Percentage of other receivables		
- Current	72%	89%
- Overdue	28%	11%

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year $	Due between 1 & 5 years $	Due after 5 years $	Total contractual cash flows $	Carrying values $
2016					
Payables	188,174	0	0	188,174	188,174
Borrowings	85,837	267,755	508,888	862,480	618,310
	274,011	267,755	508,888	1,050,654	806,484
2015					
Payables	484,077	0	0	484,077	484,077
Borrowings	85,837	295,681	566,800	948,318	668,951
	569,914	295,681	566,800	1,432,395	1,153,028

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<1 year $	>1<2 years $	>2<3 years $	>3<4 years $	>4<5 years $	>5 years $	Total $	Weighted Average Effective Interest Rate %
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debentures	(9,045)	(36,312)	0	(12,604)	0	(560,082)	(618,043)	5.25%
Weighted average Effective interest rate	5.37%	5.32%		5.16%		5.13%		
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	0	(17,540)	(48,069)	(15,244)	0	(587,831)	(668,684)	5.23%
Weighted average Effective interest rate		5.32%	5.27%	5.19%		5.13%		

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INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BOYUP BROOK

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Boyup Brook, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2016, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Opinion
In our opinion, the financial report of the Shire of Boyup Brook:

i. gives a true and fair view of the Shire of Boyup Brook's financial position as at 30 June 2016 and of its performance for the financial year ended 30 June 2016;
ii. complies with Australian Accounting Standards; and
iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls or any other written law noted during the course of our audit, with exception of the following:

   - The 2015 annual compliance return was not submitted to the Department of Local Government and Communities by 31 March 2016 as required by section 15(1) of the Local Government (Audit) Regulations 1996. The annual compliance return was adopted by Council on 3 March 2016 and submitted on 4 April 2016; and

   - 21 days public notice of differential UV mining rates imposed was not provided as required by section 6.36 of the Local Government Act 1995. The Shire provided public notice for a 20 day period only.

iii. The asset consumption ratio and asset renewal ratios included in the annual financial report are supported by verifiable information and reasonable assumptions.
iv. All necessary information and explanations were obtained by us.
v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants

MARIA CAVALLO
Director

Bunbury, Western Australia   Dated this 12th day of January 2017

SHIRE OF BOYUP BROOK
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	0.69	0.71	0.59
Asset renewal funding ratio	0.22	0.21	0.19

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

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