

ANNUAL REPORT

2015-2016

SHIRE OF GNOWANGERUP



Heart of the Stirlings



SHIRE OF GNOWANGERUP

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AT A GLANCE

Population:	1,292 (2014 ABS)
Area:	5,000 km ²
Number of Electors:	1,048
Towns:	Borden, Gnowangerup, Ongerup
Post codes:	6338, 6335, 6336
Localities:	Amelup
Libraries:	Gnowangerup, Ongerup
Primary Schools (K-6):	Borden, Gnowangerup, Ongerup
Secondary Schools:	Gnowangerup District High (Govt) Woodthorpe Secondary (Private)
Doctor:	Gnowangerup Shire Medical Practice (1 x GP)
Hospitals:	Gnowangerup District Hospital (A&E)
Aged Care:	Mallee Springs Aged Care Facility Homes for the Aged Residential Units
Length of sealed roads:	206km
Length of unsealed roads:	848km
Rates levied:	\$ 3,296,154
Total revenue:	\$ 6,988,248

OUR VISION

A thriving, inclusive and growing community built on opportunity.

OUR MISSION

To demonstrate leadership in the provision of facilities, infrastructure and services that meet the needs of our community.

OUR VALUES

Honesty through integrity, ethical behavior and trustworthiness.

Responsibility through accountability, transparency and ownership.

Respect of diversity and opinion through understanding and inclusiveness of all community groups.

Excellence by a continual pursuit of excellence.

Fairness through justice and equality.

Teamwork through collaboration, partnerships and a willingness to work together.

OUR HISTORY

The Gnowangerup District Road Board (as the Shire was initially known) was constituted on 26 January 1912, after years of tireless lobbying from the Gnowangerup Progress Association for its formation.

The road boards of Tambellup and Broomehill, under whose jurisdiction the land was previously governed, agreed to sever their eastern portions to form this new entity.

Within four months the first Gnowangerup District Road Board was elected. Of the 256 ratepayers in the district, only 74 cast a vote for the 13 candidates who were vying for the 7 board positions.

Initially the board had no accommodation of its own. In 1915 a block was purchased in the Gnowangerup town site and the old premises of the Bank of Australasia was purchased and shifted to this site to accommodate the Gnowangerup Road Board. The administration buildings of the current Shire of Gnowangerup have occupied this space ever since.

For many years the perimeters of the board extended all the way to the coast in the east and past Bluff Knoll in the Stirling Ranges to the south.

After World War 2 the rapid pace of settlement in the area resulted in the Gnowangerup Road Board also encompassing the new localities of Jerramungup, Gairdner River, Boxwood Hills, Jacup and Bremer Bay.

In 1961 all road boards in Western Australia became known as shire council districts and the Shire of Gnowangerup, as it then became known, continued to flourish.

In 1982 the eastern section of the shire was rescinded to form what is now known as the Shire of Jerramungup.

The Shire of Gnowangerup consists of three towns' Gnowangerup (1908), Ongerup (1912) and Borden (1916).

OUR COUNCIL - *Shire President's Report*



The Gnowangerup Shire displayed great health and vitality in the 2015/16 year. Major community events held included Australia Day, Seniors Morning tea and ANZAC commemorations and all were heartfelt and well attended. The drive and initiative of our communities is demonstrated by the Ongerup community revitalising commercial business in town, the pool build and continued development of business in Gnowangerup, and the special milestone of the Borden centenary gathering past and present community members together to reflect and celebrate achievements on the 9th & 10th of April. Combine these events with a wide range of activities inspired locally, some with a regional context, such as the Bloom Festival events all demonstrate we have a very engaged community.

The formal consultation process of the shire was progressed with a Customer Satisfaction Survey, Road Forum, and Business Forum. The Road Forum presented current funding scenarios, levels of service and cost implications, while the Business Forum highlighted constraints and opportunities for growth. The feedback provided will continue to guide levels of service, and inform the Community Strategic Plan.

One of the reoccurring themes highlighted at the Business Forum was housing availability. It has been very rewarding to see the Landcorp development stage one fronting Quinn St completed providing three new blocks of varying sizes available for purchase in the near future. Land development also continued on Lot 556 opposite the Hospital with the Western Australian Planning Commission endorsing the Shires' Structure Plan to develop the old Water Corporation sites' potential into a valued commercial business location.

The road works program included, road upgrades, road reseals, gravel re-sheeting, two sections of culvert renewal, and foot path renewal. Representing \$1,316,993 of road capital upgrades and a further \$1,133,449 of road maintenance.

The road crew is to be commended for completing the program other than the Gleeson road re-sheet. The success of this program is particularly noteworthy as we started 2016 with extensive storm damage effecting over 40% of the road network and damaging over 50 culverts. The damage was eligible for the Western Australia Natural Disaster Relief and Recovery Arrangement funds but still consumed ongoing Shire financial and human resources.

The Major capital works program for 2015-16 was the swimming pool and associated infrastructure. McCorkells Construction commenced work around the third week in September 2015 and achieved practical completion by 13th May 2016. A creditable achievement of which all involved should be extremely proud.

Thank you to our project manager Mark Casserly, special projects officer Neah Stewart and the community reference group combining with such generous community support. Essentially the build has been on time and on budget.

Finally I wish to extend my thanks to my fellow councillors, acknowledge retiring councillor Brenton Hinkley's commitment to the Shire and welcome councillor Ben Moore in his first term as a councillor and the commitment he has made to councillor training and general council commitments. Council business continues to be very varied and busy and I look forward to the coming year.

To our staff congratulations on a very productive year, thank you to Shelley Pike our CEO, we farewelled Rosemary Seneviratne in September and appointed Vin Fordham Lamont with a very smooth transition into the Deputy role building a great relationship with the CEO and our great team of staff.

Keith House
SHIRE PRESIDENT

OUR COUNCILLORS



From Left to Right Front Row: *Deputy Shire President Fiona Gaze, Cr Sue Lance, Chief Executive Officer Shelley Pike, Shire President Keith House, Cr Lex Martin*
Back Row: *Cr Bronwyn Gaze, Cr Richard House, Cr Frank Hmeljak, Cr Shelley Hmeljak & Cr Ben Moore*

COUNCIL MEETINGS

Ordinary Council Meetings are held on the fourth Wednesday of each month in Council Chambers at the Shire administration office, 28 Yougenup Rd, Gnowangerup from 3:30pm. All meetings are open to the public. Special Meetings of Council are held as and when they are needed. No special meetings were held in this reporting period.

Minutes of the meetings are available on the Shire's website:
www.gnowangerup.wa.gov.au

ANNUAL MEETING OF ELECTORS

An Annual Meeting of Electors is held each financial year in accordance with the Local Government (Administration) Regulations 1996 and the Local Government Act 1995 Part 5, Division 2, Subdivision 4. The purpose of the meeting is to present the Annual Report and Auditor's Report to electors.

COUNCIL ELECTIONS

Councillors are elected for four-year terms with council elections held every two years on the third Saturday in October. The Shire of Gnowangerup 2015 elections were held on Saturday 17th October with 4 positions vacant. Three (3) of the four (4) outgoing Councillors were re-elected and 1 new candidate was elected unopposed. All candidates will hold office until October 2019.

COUNCIL DELEGATES TO EXTERNAL COMMITTEES

Committee	Representative
Great Southern Recreational Advisory Group	Cr Richard House
WALGA Great Southern Zone	Cr Keith House Cr Lex Martin
Great Southern Joint Development Assessment Panel	Cr Keith House Cr Sue Lance
Great Southern Development Commission Board	Cr Fiona Gaze
Regional Road Group	Cr Frank Hmeljak
North Stirling Pallinup Natural Resources Inc	Cr Lex Martin
Yongergnow	Cr Bronwyn Gaze
Borden Pavilion Committee	Cr Bronwyn Gaze
Gnowangerup Sporting Complex Committee	Cr Richard House
Ongerup Sporting Complex Committee	Cr Keith House
Hidden Treasures of the Great Southern	Cr Sue Lance
Audit Committee	All Councillors
CEO Review Committee	All Councillors
Local Emergency Management Committee (LEMC)	Cr Keith House Cr Lex Martin Cr Sue Lance
Bushfire Advisory Committee	Cr Ben Moore



COMPLAINTS

No complaints were made against Councillors under Section 5.121 of the Local Government Act 1995 during the reporting period

ORDINARY COUNCIL MEETING ATTENDANCE																
	House	Cr K	Gaze	Cr F Hmeljak	Cr F Moore	Cr B	Gaze	Cr B	Martin	Cr L House	Cr R House	Lance	Cr S Hmeljak	Cr S	Hinkley	Cr B
22 July 2015	X	x	X	n/a	X	O	x	X	X	X	X	X	X	X	X	X
26 August 2015	X	X	X	n/a	X	X	O	X	X	X	X	X	X	X	X	X
23 September 2015	X	X	X	n/a	X	X	O	X	X	X	X	X	X	X	X	X
28 October 2015	X	X	X	x	X	X	X	X	X	X	X	X	X	X	X	n/a
25 November 2015	X	X	X	O	X	O	X	X	X	X	X	X	X	X	X	n/a
16 December 2015	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	n/a
10 February 2016	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	n/a
23 March 2016	X	X	X	X	X	X	O	X	X	X	X	X	X	X	X	n/a
27 April 2016	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	n/a
25 May 2016	X	X	X	X	X	O	X	X	X	X	X	X	X	X	X	n/a
22 June 2016	x	X	x	X	x	X	X	x	X	X	X	x	X	X	X	n/a
OTHER MEETINGS																
Audit Committee 26 th August 2015	X	O	X	n/a	X	X	O	X	X	X	X	X	X	X	X	X
Audit Committee 16 th December 2015	X	X	X	x	X	X	X	X	X	X	X	X	X	X	X	n/a
Audit Committee 23 rd March 2016	X	O	X	X	x	O	X	X	X	X	X	X	X	X	X	n/a
Annual Electors' Meeting	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	n/a

Attendance: x
Apology: o

OUR COUNCILLORS



Keith House JP - Shire President 2013 - 2017

Following his re-election to Council in October 2013 for a further four-year term, Cr Keith House was elected President of the Shire of Gnowangerup again in October 2015. Cr House was first elected to council in 2009 and held the position of Deputy President in 2012/2013. A life-long member of the Gnowangerup community Cr House operates a family farming enterprise and holds a Bachelor of Agricultural Science from UWA. Cr House is a Justice of the Peace and has been actively involved with a number of community organisations including the Hospital Advisory Board.



Fiona Gaze - Deputy Shire President 2015 - 2019

A councillor since 2008, Cr Fiona Gaze has served as Deputy President from 2009 – 2011 and again in 2013/14 and 2015/16. Cr Gaze holds a Bachelor of Education and has a Masters of Education Management from UWA. Since 1986, Cr Gaze has been employed in a variety of teaching and senior administration roles, including Principal at Gnowangerup District High School. As a member of the Great Southern Development Commission board, Cr Gaze offers first-hand knowledge of regional development and the Shire's role in the region's progress. Cr Gaze is also involved in the running of her family farm and has a passion for the local community via her work with families, children and youth.



Cr Bronwyn Gaze 2013 – 2017

Cr Bronwyn Gaze has strong family ties to farming and a deep commitment to the Shire of Gnowangerup and to the Great Southern in general. A career in both print and radio journalism was interspersed with work and travel overseas before settling in Borden 28 years ago. Cr Gaze is involved with the running of the family farm and is an established artist and caterer. Through her involvement in various community organisations, she is a strong advocate for any project that strengthens the lives of all Great Southern residents.



Shelley Hmeljak 2015 - 2019

Elected to Council in 2003, Cr Hmeljak has lived and worked in Gnowangerup all her life. Actively involved in many local committees, Cr Hmeljak served on inaugural committees for sports like water polo, and t-ball, which were not previously provided for in the community. Cr Hmeljak is currently a pharmacy assistant and qualified swimming instructor and her involvement in both translates into a passion for the welfare of the Shire's youth and elderly populations.



Cr Frank Hmeljak 2013- 2017

With more than 17 years' experience working for the Shire, Cr Frank Hmeljak has extensive knowledge of the organisation's built and road infrastructure. Born and bred in Gnowangerup, Cr Hmeljak is a qualified carpenter and joiner. He is passionate about creating greater opportunities for the Shire's youth both during and after their school years and is also interested in supporting opportunities for further small business creation within the Shire.



Cr Richard House 2013 –2017

Cr Richard House combines the operation of his family's broadacre farming enterprise with keen involvement in the Merino sheep industry and the development and ownership of a commercial pellet mill business. Cr House has held many positions across a number of local organisations, including the Gnowangerup Sporting Complex during a time of facility redevelopment and expansion. And as past State President of the WA Merino Breeders Association and current committee member of the Australian Merino Breeders Association, Cr House brings invaluable governance experience to council.



Cr Sue Lance 2013 - 2017

A resident of Gnowangerup for 42 years since marrying and moving to the district, Cr Lance was first elected to Council in 2008. Cr Lance is involved in the running of her family's broadacre farming operation and is also a qualified swimming instructor, teaching generations of local children to swim at the Gnowangerup Pool during the annual swimming lesson season. Cr Lance is an active member of the Hidden Treasures of the Great Southern Committee and it's annual Bloom Festival, is also involved at the Gnowangerup Progress Association and volunteers with the local Caravan Park



Cr Lex Martin 2015 - 2019

Past experience in Local Government, qualifications in Agriculture and Conservation and Land Management plus a farming background combined with years of service in community organisations such as Junior Farmers, Apex, Rotary and Southern AgCare, equip Cr Martin with a solid blend of experience and enthusiasm as a Shire Councillor. Prior to his move to Gnowangerup in 2001 Cr Martin farmed in Gingin for 28 years, clocking up 25 years as a Fire Control Officer. Recently he has worked as a wool classer and a vocational lecturer with Curtin and Charles Darwin Universities. Cr Martin maintains an avid interest in community well-being and progress and is a strong advocate for formal vocational training.



Cr Ben Moore 2015-2019

Cr Ben Moore was newly elected to Council in October 2015. Moving to Gnowangerup approximately 12 years ago Ben is a qualified boiler maker by trade. Ben has since started a Hay Contracting Business which he runs in-between working for local business Auspan. Ben has a strong belief that small communities need to support small business to keep these communities vibrant.

OUR ORGANISATION

Chief Executive Officer Report



The Shire of Gnowangerup acknowledges the Noongar people, who are the traditional custodians of the land in the region. The Shire also acknowledges other Aboriginal language groups who live in the area.

Welcome to the Shire of Gnowangerup Community Annual Report for 2015-16. The Shire's staff and Councillors work hard to meet the objectives outlined in our Strategic Community Plan 2013-23 (SCP). This is the principal strategy and planning document for the Shire, which was developed in consultation with our community and outlines a collective vision, as well as our aspirations and objectives. We are committed to transparent reporting and accountability to the community.

The Annual Report 2015-16 is the primary means of providing our community with information on the key milestones achieved throughout the year, our major projects, services and facilities as well as comprehensive financial data.

The Shire is represented by 9 elected members, made up of the President, Deputy President and seven Councillors. Each elected member, including President and Deputy President governs for the entire Shire. The elected representatives work together to provide good governance by making decisions on all aspects of community, social, environmental and economic wellbeing, through effective strategic planning and by balancing competing interests openly and equally.

The Shire of Gnowangerup is proud to be a forward thinking and innovative team. The Council and administration work together to build a local government that is at the forefront in several areas.

During 2015-16 much of the Shire's efforts were directed towards the process of local government reform, giving the Shire an opportunity to assess how well it is providing for community needs now and into the future, and to collaborate with regional partners.

In a climate of major review, where four months of the 2015-2016 financial year were spent meeting local government reform requirements, it is a tribute to the Shire of Gnowangerup's administration that many large scale and significant milestones were achieved.

The Strategic Community Plan (SCP) guides the Shire in the short and long term. The five key result areas were developed in consultation with the community and each year we report back to the community against the goals we set.

As in previous years, painstaking efforts were taken to ensure cost increases in the budget were as low as possible for the Shire of Gnowangerup residents. Both local government and its communities experienced increasing cost pressures right across the utilities and supplier base, with the cost of water and electricity as well as emergency services, street lighting and landfill levies all increasing.

Rather than try to create short term gains, long term financial decisions were made to take into account the Shire's financial health into the future, designed to protect our current and future residents from significant price shocks, asset degradation or reduction of services. Council developed its Long Term Financial Plan which guides both budget preparation and the management of the community's assets.

A highlight for the 2015-2016 financial year was the construction of a new swimming pool located at the Gnowangerup Sporting Complex. The co-location makes the Sporting Complex a year round facility and enables more efficient and cost effective management of limited resources.

Increased employment across the business sector and the scarcity of affordable housing placed increased pressure on the Shire to improve the availability of residential and industrial land. In order to reduce the costs of development Landcorp was engaged to provide a residential subdivision in Gnowangerup and the provision of industrial land in Quinn Street.

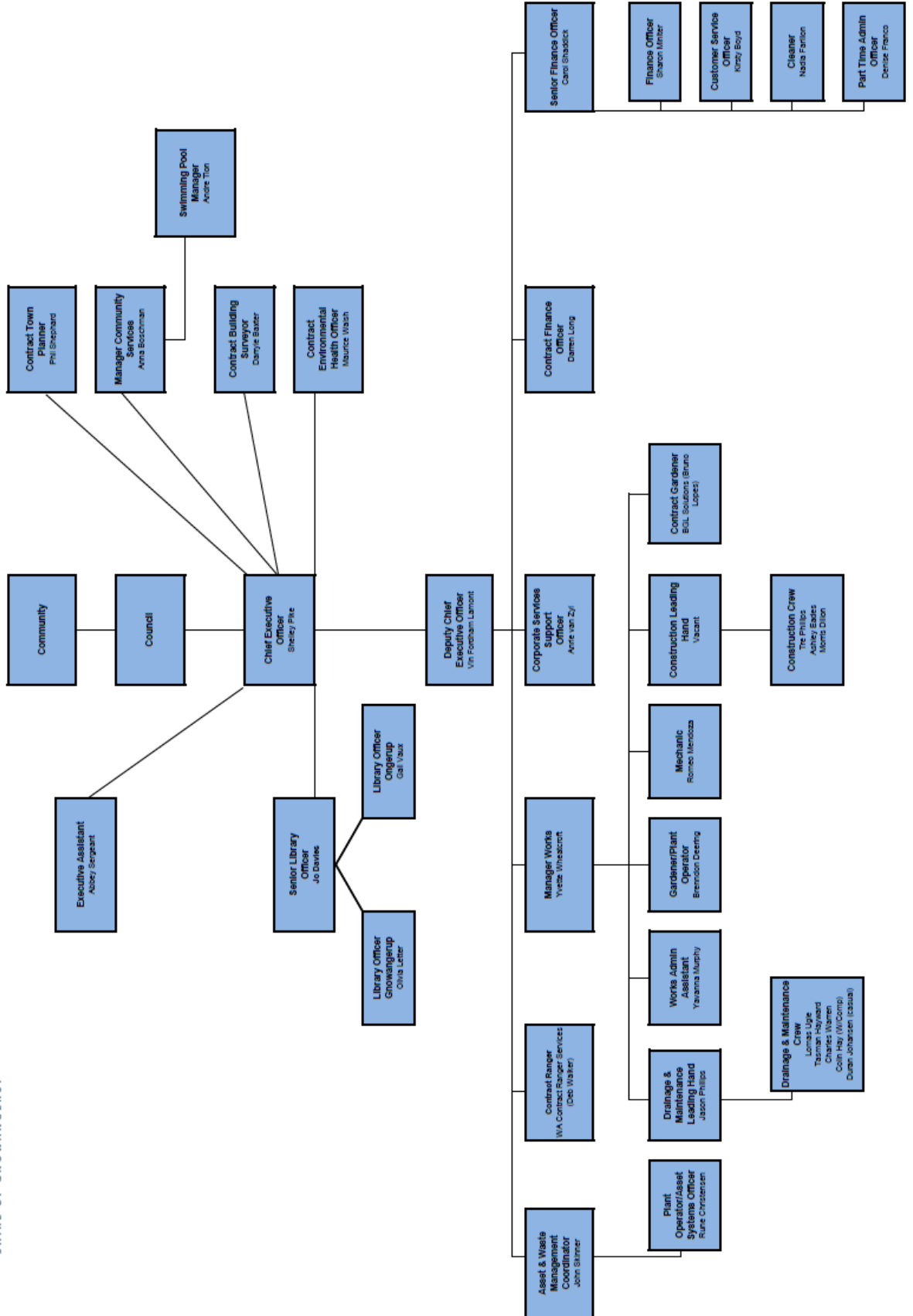
The Shire continued to act as an advocate on behalf of the business community to resolve problems impacting on business growth. It was encouraging to see the relocation of Ratten and Slater and the expansion of a number of businesses during the year.

We have also had some changes to the structure of the organisation this year, with a new Deputy Chief Executive Officer appointed to focus on Corporate Governance and Infrastructure. He joins the Executive team which each year provides me with outstanding support and our Shire with guidance and leadership. They lead excellent teams and I am grateful for the commitment, dedication and hard work of all of our staff. Thank you to everyone who has helped to make this a successful year for the Shire of Gnowangerup.

This was a year of stepping forward with a better understanding of our business and our Shire, with concrete plans for building a bright future, as well as celebrating dedicated efforts and results of completed projects.

Shelley Pike
CHIEF EXECUTIVE OFFICER

SHIRE OF GNOWANGERUP ORGANISATIONAL CHART





EMPLOYEE REMUNERATION

Salary Range	14/15	15/16
\$100,000 - \$109,999		1
\$110,000 - \$119,999		
\$120,000 - \$129,999	1	
\$130,000 - \$139,999		
\$140,000 - \$149,999		
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999		

Annual salary of \$100,000 or more in 2015-2016

COUNCIL FACILITIES

Libraries:

Gnowangerup
 Yougenup Centre
 47 Yougenup Rd, Gnowangerup
 P: 9827 1635
 E: gnplib@wn.com.au

Ongerup
 Lot 50 Eldridge St, Ongerup
 P: 9828 2122
 E: onglib@westnet.com.au

Recreation Centres:

Borden Pavilion
 John St, Borden, 6338
 P: 9828 1116

Gnowangerup Sporting Complex
 85 – 109 Yougenup Rd
 Gnowangerup, 6335
 P: 9827 1386

Ongerup Complex
 Jaekel St, Ongerup, 6336
 P: 9828 2013

Swimming Pool:

85 – 109 Yougenup Rd, Gnowangerup WA 6335



OUR STRATEGIC FOCUS

COMMUNITY

NATURAL ENVIRONMENT

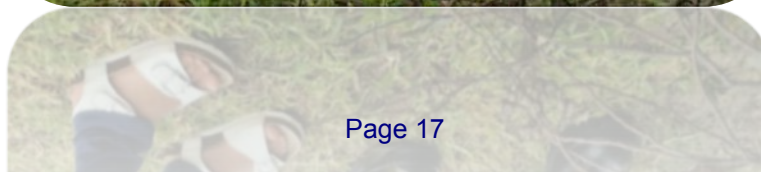
BUILT ENVIRONMENT AND INFRASTRUCTURE

LOCAL ECONOMY AND BUSINESS

GOVERNANCE AND ORGANISATION

GOAL 1: COMMUNITY

A thriving, supportive and safe community



GNOWANGERUP MEDICAL FACILITIES

Council maintains relations with the Gnowangerup Hospital and local doctor through monthly meetings with stakeholders to discuss service delivery, community needs and any other issues that arise. 2015 saw significant upgrades to the hospital which were completed in November. Council supports the doctor financially to help ensure a medical practice is maintained in the district.

Recent meetings have been held with the doctor to discuss an extension of his contract, and Council's relationship with the pharmacy is ongoing.



LOCAL HIGH SCHOOL BECOMING AN INDEPENDENT PUBLIC SCHOOL

Council has supported and worked cooperatively with the Gnowangerup District High School in its journey towards becoming an independent public school.

LIBRARY SERVICES

The Shire of Gnowangerup Public Library Service, incorporating the Gnowangerup and Ongerup Libraries, recorded a decrease in total transactions in 2015/2016.

Figures for 15/16 show the Gnowangerup Library conducted 5,461 issues and 1,010 returns, totaling 6,471 transactions. The Library had a total of 428 active borrowers for this period.

The library continues to receive generous donations of quality material to the Shire's library collection, leading to valuable opportunities for resource sharing and exchanges with surrounding Shires.



The Library said farewell to Eve Eastough and welcomed Olivia Letter to the team in March 2016.

The Shire's Library service is valued and well patronised, the result of competent and committed staff who made it possible.

SWIMMING POOL REDEVELOPMENT

2015/16 saw the practical completion of the Gnowangerup Swimming Pool and the official closure of the Aylmore Park Pool. Achieved within budget the pool was co-located at the Sporting Complex as a requirement of the grant funding to enable operational efficiencies and cost savings. The official opening of the pool is expected to take place in late 2016 in time for the summer season.



KIDSPORT

Kidsport funding enables eligible children aged 5-18 years within the Gnowangerup Shire to participate in community sport and recreation by offering them financial assistance towards club fees. The fees go directly from the Gnowangerup Shire to the registered Kidsport clubs participating in the project. The Shire distributed a total of \$6,000 through the Department of Sport and Recreation grant for the financial year 2015/16. Kidsport clubs included Netball, Cricket, Hockey, Scouts, Ballet and Gymnastics.

COMMUNITY FINANCIAL ASSISTANCE GRANTS

The Shire supports community groups to provide a range of community activities through the Community Financial Assistance Grants Program.

In 2015/16 the Shire of Gnowangerup funded a total of \$77,169.00 in grants to fifteen applicants providing assistance across the areas of sport, recreation, health, natural resource management, tourism and education.

Community Group/Event	Funded Amount
Gnowangerup Family Support	\$ 5,000.00
Southern Ag Care	\$ 1,200.00
Yongergnow Aviary	\$ 5,000.00
Borden Centenary	\$ 5,000.00
North Stirling Pallinup Natural Resources	\$ 20,000.00
Gnowangerup Heritage Group	\$ 500.00
Bloom Festival	\$ 500.00
Gnowangerup Market Day	\$ 200.00
Seniors Morning Tea	\$ 500.00
Gnowangerup Sporting Complex	\$ 15,180.00
Borden Pavilion	\$ 7,050.00
Ongerup Sporting Complex	\$ 6,039.00
Local Indigenous Communications	\$ 5,000.00
A Smart Start	\$ 2,000.00
Hidden Treasures	\$ 4,000.00
Total	\$77, 169.00

COMMUNITY HOUSING OPTIONS

Council partnered with Landcorp to develop a residential subdivision at Lot 96 Corbett Street Gnowangerup. Stage one is comprised of grouped housing lots to facilitate a mix of affordable residential housing.

EMERGENCY MANAGEMENT PLANNING AND PREPAREDNESS, RESPONSE AND RECOVERY

The new State Emergency Services building in Gnowangerup has provided a much needed training venue and communication facilities for the district as well as a modern home for the SES volunteers. The Shire continues to work in partnership with the SES, providing accounting and financial support as part of our commitment to emergency services within the community.



RANGER SERVICERS CONTRACT

In 2015/2016, the Shire entered into an arrangement with WA Contract Ranger Services Pty Ltd to provide a professional local government ranger service to the community. By the end of June, our ranger had addressed a variety of issues including: feral cat control; dog attacks on stock; microchipping of dogs and cats; and education of pet owners on their responsibilities to their pets and to members of the public.

Deb Walker, our friendly ranger, has also assisted Shire staff to develop and review appropriate policies, procedures and forms relating to ranger services.

GOAL 2: NATURAL ENVIRONMENT

Natural Assets That Are Protected and Secured For Future Generations





WATER RESOURCES INTO THE FUTURE

The Shire is continually looking for ways to support sustainable practices into the future. The Shire's Strategy 2.2.1 *Support and promote water resources into the future*, is just one area that Council is committed to improve. In June 2016 the Shire purchased and installed a new fully solar powered water stand pipe system in Gnowangerup. The Waterman Controller system which cost \$16,750 is operated with a swipe card that allows access to water 24 hours per day, seven days a week, a service which is important over the long dry summer months. In 2015-2016, 1,203,020ltrs of water was taken from the standpipe even though the year included an exceptionally wet summer. This new system

will also decrease the office time spent on accounts as it automatically allocates the water to the card users saving time in the billing process. The system is fully solar powered so there are no ongoing power costs and cards can be purchased from the Shire Office.

ONGERUP PONDS

The Operational Audit of the Ongerup Effluent System conducted in February 2015 identified that while the system was still operational it was overdue for refurbishment. The system was designed and built in the 1960's and major work would be required to refurbish the 1,500 metres of sewer main and the four treatment ponds.

Immediate work has been completed and an action plan for the remainder of the renewal and repair of the system will be funded in the 16/17 budget. The major part of this project will commence in October 2016 with the renewal of the ponds and the first part of the repair work to sewer lines and will continue each year until complete in 2019/2020.

WASTE MANAGEMENT STRATEGY

Over this last year we have continued to implement changes to ensure that Council complies with the Rural Landfill Regulations. Some of the noticeable changes have been the new remote access gate and surveillance camera at the Gnowangerup Landfill site. Others have been less noticeable such as our commitment to rehabilitation works at each of the Landfill sites in the 2016/17 budget.



The Shire has continued to implement its Waste Management Plan for the three landfill sites we operate, including reviewing the available airspace at each site. The available airspace determines the useful life of a landfill site and ours have a projected life of 30 to 50 years.

As a result of this investigation the planned construction of a Waste Transfer Station at Borden has been postponed for the foreseeable future. The Shire believes that at this time our resources will be better utilized by concentrating on Recycling and Landfill Management practices.

GOAL 3: BUILT ENVIRONMENT AND INFRASTRUCTURE

*A built environment and infrastructure that supports the
community and the economy*



PLANNING & SCHEME AMENDMENTS

The Shire of Gnowangerup continually monitors the Local Planning Scheme No. 2 for possible modifications to improve its performance and effectiveness in responding to the Council and community aspirations for land use planning in the district.

In 2015/2016 two scheme amendments were completed as set out in the Table below:

No	Affected Property	Purpose of Amendment	Status of Amendment
9	Lot 3587 & 3913 Jordan Street Gnowangerup/ Tambellup Road	To create special rural lots	Completed
10	Amelup Locality	To enable consideration of a tavern liquor license for the Bluff Knoll Cafe	In progress



 Lot 3587 & 3913 Jordan Street Gnowangerup/ Tambellup Road.

DEVELOPMENT APPROVALS

The Shire of Gnowangerup dealt with the following building matters during 2015/2016:

Month	Building / Demolition Permit	Value
July 2015	2	\$ 23,000.00
August 2015	0	\$ -
September 2015	5	\$ 2,248,694.00
October 2015	1	\$ 150,000.00
November 2015	0	\$ -
December 2015	2	\$ 357,723.00
January 2016	2	\$ 529,268.00
February 2016	1	\$ 1,805.00
March 2016	4	\$ 22,350.00
April 2016	2	\$ 20,737.00
May 2016	1	\$ 150,000.00
June 2016	0	\$ -
Totals	20	\$ 3,503,577.00

* September 2015 figures include the Shire of Gnowangerup Swimming Pool Redevelopment



HERITAGE BUILDINGS AND DEVELOPMENT

In July 2015 Council was successful in securing grant funding from the State Heritage Office to work towards updating the Municipal Inventory. Heritage Architect Stephen Carrick was engaged to assist Council and local community members in the process of updating the Shire's heritage buildings and records.

The first stage involved the Gnowangerup community and the second and third stages will include the Borden and Ongerup communities. The total project cost for 2015/2016 was \$9,978.09 of which Council funded \$2,736. The Gnowangerup Historical Group leased the Old Gaol and Police Quarters in the Gnowangerup town site to undertake conservation works of both these historical buildings as per the recent Conservation Management Plans prepared in 2015. Stephen Carrick continues to assisted Council and the Gnowangerup Heritage Group to secure future funding for this project.



ROADS & MAINTENANCE

January 2016 was an interesting time for the Shire as the Great Southern area was affected by a significant flooding event. This event caused an estimated \$2.3million worth of damage to the Shire's road and drainage infrastructure. The significance of this event across sixteen shires including Gnowangerup triggered the Western Australian Natural Disaster Relief Recovery Arrangements (WANDRRA) and was proclaimed an eligible event for claims under these arrangements. The severity of this event had an impact on the works program with the postponement of two projects. The restoration of these infrastructure assets will continue well into the 2016/17 financial year.

The Great Southern WALGA Zone committee and membership continuously places pressure on the government to increase road funding. The Zone invited the Minister for Transport to Gnowangerup to view sections of Chester Pass Road and advocated increased funding for the timely upgrade of this important transport route.

SAFE AND RELIABLE TRANSPORT SYSTEM

The 2015/2016 Works Program was completed as follows:

Reseal program	<p>Funding for the annual reseal program to protect the pavement integrity through renewing the running surface of the road consisted of the following funds came from; Roads to Recovery \$413,049 and Council \$25,464.</p> <ul style="list-style-type: none"> Bitumen resealing program: Toompup South Road, Boxwood Hill Ongerup Road, Denny Street, Railway Crescent, Kwobrup North Road, Glengarry Street, Gnowangerup Tambellup Road & Mindarabin Road
Ongerup Pingrup Road	<ul style="list-style-type: none"> Project to widen shoulders and improve drainage ready for reseal Total project cost \$184,591 Regional Road Group funding
Kwobrup Road	<ul style="list-style-type: none"> Project to widen shoulders and improve drainage Total project cost \$217,014 Roads to Recovery funding
Airport Road	<ul style="list-style-type: none"> Project to construct and seal 1.56km Total project cost \$159,278 fully council funded
Airstrip Edge Shoulder widening	<ul style="list-style-type: none"> Project to widen the airstrip shoulder Total project cost \$40,742 fully council funded
Soldiers Road	<ul style="list-style-type: none"> Project to form up and gravel re-sheet 4km Total project cost \$135,075 Roads to Recovery funding
O'Meehans Road	<ul style="list-style-type: none"> Project to gravel re-sheet 2.4km Total project cost \$29,996 fully Council funded
Hinkley Road	<ul style="list-style-type: none"> Project to gravel re-sheet 6km This project was to be fully council funded but was withdrawn due to the flood damage occurring on January 2016 and impact of future WANDRRA funding
Old Ongerup Road	<ul style="list-style-type: none"> Project to gravel re-sheet 6km This project was to be fully Council funded but was withdrawn due to the flood damage occurring in January 2016 and the impact of future WANDRRA funding
Gleeson Road	<ul style="list-style-type: none"> Project to gravel re-sheet 4km This project was to be fully Council funded but was removed due to the extra maintenance work incurred from the January floods and the continuing wet months holding up the works program
Culvert Replacement	<ul style="list-style-type: none"> To replace a section of culverts on Old Ongerup Road and Sandalwood Road Total project cost \$79,454 fully funded by Roads to Recovery with \$3,454 funded by Council
Footpath renewal	<ul style="list-style-type: none"> Project to replace existing section of old footpath Total project cost \$18,922 and was fully Council funded
Road maintenance	<ul style="list-style-type: none"> Routine road maintenance program consists of: maintenance grading, tree pruning, road verge spraying, shoulder grading Total funds spent on road maintenance: \$1,133,449

MANAGE GNOWANGERUP AIRSTRIP

The Shire partnered with the Great Southern Development Commission to fund a study identifying possible economic opportunities for the airstrip. A range of activities to better utilize the airport were identified and workshopped with Council.

Funding of \$40,000 was expended on widening the runway edges in order to fulfil compliance requirements.



ASSET MANAGEMENT FRAMEWORK

During the year, the Shire created the role of Asset & Waste Management Coordinator to assist with its obligations in regards to Asset Management. We also implemented BuildingsPlus, an asset management system for building facilities, and collected initial condition data for those building assets. In addition, key staff were sent to RAMMS training to better understand and utilise our roads data program.

All these actions were working towards improving the organisation's asset management capabilities. In 2016/2017, a major project will be undertaken, in conjunction with Talis Consultants, to build on these improvements and develop asset management plans for each of the Shire's asset classes and for significant individual assets.

LIAISE WITH GOVERNMENT TO ENSURE PROVISION OF REGIONAL INFRASTRUCTURE

The Shire liaises regularly with government agencies and other shires to address common issues such as the timely payment of WANDRRA claims and the provision of Hospital services and tourism.

GOAL 4 LOCAL ECONOMY AND BUSINESS

A Strong and Diverse Local Economy



COMMERCIAL / INDUSTRIAL LAND DEVELOPMENT

Lot 556 Yougenup Road has been rezoned “Commercial” and saw its first occupant when Ratten and Slater purchased a block for its new premises. Council has partnered with LandCorp to develop four industrial blocks for sale in Quinn Street.



ATTRACT NEW BUSINESS & DEVELOP RELATIONSHIPS WITH LOCAL BUSINESSES

A business forum was held in May with all the major utility service providers in attendance to identify any issues inhibiting expansion. This annual event is open to all businesses in the shire to identify and address any issues they face that the Shire can assist with in a lobbying and advocacy capacity.

TOURISM

The Shire of Gnowangerup supported Hidden Treasures of the Great Southern through the provision of \$4,000 as part of the community grants process. These funds supported tourism activities in the Shire and assisted the Hidden Treasures committee to deliver a range of activities including the Bloom Festival 2015. The Shire also supports the Gnowangerup Community Resource Centre by providing a building and other financial support. The Gnowangerup Community Resource Centre assists Hidden Treasures' activities by providing administrative support and is responsible for the management of the Hidden Treasures website.

GOAL 5: GOVERNANCE AND ORGANISATION

Proactive Leadership, good governance and efficient service delivery



COMMUNICATION STRATEGY

The Shire has developed a Communications Plan which is being used to improve internal and external communications. Communication Strategies have been identified in order to improve communication between the Shire, its community stakeholders and residents.

One of the newest communication strategies that has been identified in the Shire's Communications Plan is the potential to create a Shire Facebook Page. This communication tool has been shown to be a fast and effective way to communicate with the public. The new Facebook Page will keep residents informed about Shire matters and has the ability to engage community to address the needs of a younger computer literate generation of residents.

STRENGTHEN THE GOVERNANCE ROLE OF COUNCILLORS

An opportunity for Councillors to hear from top public sector leaders was taken up by four Councillors and the Chief Executive Officer who attended the Public Sector Leadership Conference held in Melbourne in mid-March of 2016. All those who attended felt that the conference provided better learning opportunities than the annual WALGA Conference had in the past.

PROMOTE OTHER COUNCILS ON A LOCAL AND REGIONAL LEVEL

The Shire is an active member of WALGA Great Southern Zone and the Great Southern Branch of the LGMA and has a Councillor on the Great Southern Development Commission Board. Shire President Keith House stepped into the role of the Zone Chair and represents the Zone on a number of issues at meetings and functions. Deputy Shire President Fiona Gaze (as appointed by the minister) represents the Shire of Gnowangerup on the Great Southern Development Commission Board. The Shire also shares resources with neighbouring councils where appropriate.

LOCAL LAWS STATUTORY REQUIREMENTS

At the March Ordinary Council meeting, Council resolved to give state wide public notice of 6 proposed Local Laws. The Local Laws have been advertised and comments have been submitted. A second report to Council will be presented in 2016/2017 before being advertised in the government gazette to finalise the process.

WORKFORCE PLAN AND HR POLICIES AND PROCEDURES

The Shire of Gnowangerup Strategic Workforce Plan 2015-2018 was finalised during the 2015/2016 financial year. The Executive Summary reads:

“The Western Australian State Government introduced a planning and reporting framework for Local Government. The Local Government (Administration) Regulations 1996 have been amended to require each local government to adopt a Strategic Community Plan and a Corporate Business Plan. These two elements of the Integrated Planning Framework are informed by a number of plans and strategies, one of which is the Workforce Plan.

This Workforce Plan should be a living document as the information and data are variable with changing circumstances. However what this document aims to do is to provide a broad canvas from which to work from and amend as changes occur. This Workforce Plan comprises of four parts:

Part One: Demographic Report

Part one provides an analysis of the internal and external environment and workforce, related to the Shire of Gnowangerup. This demographic report provides a breakdown by generation, directorate, and diversity and also examines the Shire’s retention statistics. Phase one additionally provides an environmental scan of the Shire of Gnowangerup’s operating context. This Phase is aimed at providing an in-depth picture of where the Shire is at present, in terms of their existing workforce.

Part Two: Gap Analysis

Part two addresses the gaps in the Shire’s workforce currently and in the foreseeable future depending on changes internally and to the external environment. It examines the balance of the Shire’s workforce in terms of different groupings e.g. employment type, generation and diversity. Phase Two explores current existing skills shortages and those that may arise as a result of changes to the operating environment in the future.

Part Three: Strategies to Meet Future Workforce Needs

Phase Three ensures that the priorities of the Strategic Community Plan and Corporate Business Plan will be met by addressing the gaps in the existing workforce. Phase Three ensures that all Shire staff and Councillors are involved with the planning process, in particular the Workforce Plan, as it is an ongoing

process which is linked to all organisational objectives and applies not only to the current workforce, but anticipates future workforce needs.

This Phase identifies projects, programs and activities and how these may need to change in the future depending on the workforce. Additionally the costs and risks of addressing any gaps structurally or operationally are examined and finally the key outcomes of the Workforce Plan are stated.

Part Four: Monitoring and Evaluation

Part Four ensures that the Shire of Gnowangerup has sufficient tools and processes in place to monitor and support the strategies, actions and outcomes that have been put in place as a result of the data analysis. This phase examines any changes in the organisation (i.e. information systems, structural changes) and how this will impact the key outcomes of the Workforce Plan. Finally this Phase links the Workforce Plan to the broader Strategic Community Plan and Corporate Business Plan.

This Workforce Plan aims to provide the Shire with the tools to attract and retain competent and hard-working staff that are committed to providing a high level of service to the Gnowangerup community in the face of a future which is uncertain and ever changing.”

During 2015/2016, the Shire changed its workforce structure significantly with several new positions being created:

- Asset & Waste Management Coordinator
- Manager Community Services
- Corporate Services Support Officer

The structure of the workforce will continue to be reviewed regularly to ensure that it is able to support the strategic goals of Council in a volatile world into the future.

FINANCIAL SERVICES TO SUPPORT THE SHIRE'S OPERATIONS AND TO MEET PLANNING, REPORTING AND ACCOUNTABILITY REQUIREMENTS

In accordance with the State Government's Integrated Planning & Reporting Framework, the Shire's Long Term Financial Plan was fully reviewed in 2015/2016 and adopted by Council at its Ordinary meeting of 22 June 2016.

The Executive Summary reads:

"The Shire of Gnowangerup's Long Term Financial Plan (LTFP) is an important part of Council's Integrated Planning process. The LTFP is aligned with Council's Strategic Community Plan and Corporate Business Plan, and will form the basis for the preparation of Council's annual budgets.

The Long Term Financial Plan covers a 10 year planning period, from 2015-16 to 2025-26 and therefore cannot be set in concrete. The Plan includes the modelling of three scenarios based on a range of assumptions and assesses the Council's revenue capacity against community demands and service levels.

Projections contained in the statutory schedules attached to this Plan reveal that over the next 10 years the Shire will require revenue from rates to grow faster than the anticipated Consumer Price Index, estimated to average 3.1% over the life of the Plan. Scenario 3 sets the rate increases at 6.0% per annum for the life of the Plan.

In adopting such a strategy, the Shire will achieve a greater degree of financial independence with the ability to achieve balanced budgets, whilst being able to begin to addressing infrastructure asset funding gaps, particularly in the latter years of the Plan."

The LTFP includes an analysis of the Shire's financial ratios and its financial sustainability. It also includes a Statement of Comprehensive Income by Nature and Type for a ten year period which shows that, over this ten years:

- Employee costs as a percentage of total operating expenditure increase from 24% to 35%.
- Materials and Contracts costs as a percentage of total operating expenditure increase from 16% to 27%.
- Utilities costs as a percentage of total operating expenditure increase from 2% to 4%.

- Depreciation costs as a percentage of total operating expenditure decrease from 49% to 23%.
- Interest costs as a percentage of total operating expenditure decrease slightly from 1% to an insignificant percentage.
- Insurance costs as a percentage of total operating expenditure increase from 4% to 5%.
- Other costs as a percentage of total operating expenditure increase from 3% to 6%.

PROVIDE AND PROMOTE CUSTOMER SERVICES

During the year, the Shire's Customer Service Charter document was reviewed and updated. It was then distributed to managers and supervisors to discuss with staff. Copies can be obtained from the Shire website <http://www.gnowangerup.wa.gov.au> or at the Shire Administration Office.

The Customer Service Charter sets out the service and standards that customers can expect from Shire of Gnowangerup staff members, as well as the behavior we expect from customers in return. It also details the process for lodging complaints and provides a range of contact details for the Shire.

The Shire also has an official Code of Conduct which sets the minimum requirements of conduct for Council officials (including staff) in carrying out their functions. The Code is prescribed by regulation and has been developed to assist council officials to:

- understand the standards of conduct that are expected of them;
- enable them to fulfil their statutory duty to act honestly and exercise a reasonable degree of care and diligence (Section 3(1)(a) of the Local government (Rules of Conduct) Regulations 2007);and
- act in a way that enhances public confidence in the integrity of the local government.

A copy of the Code of Conduct is provided to all new employees and elected members on their commencement with the Shire.

COMMUNICATION SERVICES

The Shire of Gnowangerup is committed to informing local residents of Bush fire notifications, road closures and various community events. One way we do this is through the use of an SMS service to mobile phones.

Should you wish to make use of this service, simply contact the Shire, obtain a form and return at your earliest convenience.

This service is limited to 1 name per household (3 per rural property) and needs to be renewed annually. In future, the renewal form will be sent with your rates notices.

The Shire website at <http://www.gnowangerup.wa.gov.au> also provides a wealth of information to community members. News items, corporate documents and Councillor information can all be found there.

The Shire plans to establish a Facebook presence in 2016/2017 to access more of the younger population within the Shire.

Shire news items, including a monthly report by the Shire President, are also published in the three local newsletters which circulate within the Shire.

CORPORATE RISK, SUPPORTED BY POLICIES AND PROCEDURES

Consistent with statutory requirements, an annual review of the Shire's Policies and Procedures Manuals was conducted in 2015/2016. As a result, some existing financial policies/procedures were updated and some new ones were created:

- Significant Accounting Policies Policy was adopted;
- Purchasing Procedure was updated.

In addition, the four yearly Financial Management Systems Review was carried out during the year by the Shire's auditors, AMD Chartered Accountants. This is a requirement under section 6.10 of the Local Government Act 1995 and Regulation 5(1) of the Local Government (Financial Management) Regulations 1996.

Following the completion of the review, the auditors reported that, in the context of the Shire's overall operation and size, they considered the systems and processes in place to be adequate.

INTEGRATED PLANNING AND REPORTING IN ACCORDANCE WITH REGULATIONS

The Shire updated its Long Term Financial Plan in 2015-16 and improved its Asset Management capability.

All strategic documents are integrated and reported on to Council on a regular basis.

CONTINUOUS IMPROVEMENT OF SERVICES SYSTEMS AND PROCESSES

The Shire of Gnowangerup utilizes Synergysoft, an integrated business system which includes modules for all local government functions. Synergysoft is provided by IT Vision and the Shire maintains membership of the IT Vision User Group to ensure that it has a say in the development and direction of Synergysoft.

The Shire is constantly seeking to improve its services, corporate systems and processes. During the year we developed a Community Satisfaction Survey which was distributed to all residents and ratepayers within the Shire. The purpose of the survey was to obtain feedback from our customers on their satisfaction with the service and services we provide. The survey summary report, prepared by Catalyse, included a comparison with other local governments who had used the same survey. The Shire of Gnowangerup generally ranked higher than the average in the level of customer satisfaction.

REVIEW THE COUNCIL'S RATING STRATEGY TO ENSURE THE FAIR AND EQUITABLE IMPACT OF RATES ACROSS THE COMMUNITY.

During 2015/2016, the Shire appointed IT Vision and Moore Stephens to conduct a review of, firstly, our rating system and, secondly, our rating strategy.

Our Rates system is part of IT Vision's Synergysoft suite of corporate business system modules and IT Vision, together with Shire Admin staff, conducted a thorough review of the system. Whilst no significant issues were discovered, a number of errors within the program settings were able to be identified and resolved. This action has enable us to avoid possible problems with the system in the future.

The audit firm of Moore Stephens then reviewed the Shire's rating strategy to ensure that there has been a fair and equitable impact of rates across the community. The review looked at a variety of areas including rate yields, risk factors, minimum payment levels, concessional rates and special area rates. Current data was compared with historical figures and also with figures from our neighbouring shires. The overall feedback from the review was that the Shire is rating in a fair and equitable manner across the district.

DISABILITY SERVICES REPORT

Part 5, sections 27, 28 & 29 of the Disabilities Services Act 1993 requires Local Governments to have and implement a Disabilities and Access Inclusion Plan and to report on the implementation of its Plan. The Shire of Gnowangerup Disabilities Access and Inclusion Plan 2011-2016 contains a number of strategies to address each of the desired outcomes of the Disabilities Services Act 1993. The Shire received community feedback as a result of the review of the Plan. The strategies are as follows:

Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

The Shire of Gnowangerup ensures people with disabilities are consulted on their need for services and will continue to monitor services to ensure equitable access and inclusion.

Outcome 2: People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.

The Shire of Gnowangerup is committed to ensuring that all buildings and facilities meet the standards for access and that all new or redevelopment work provides access to people with disabilities.

Outcome 3: People with disabilities receive information from a public authority in a format that will enable them to access the information, as readily as other people are able to access it.

The Shire of Gnowangerup is committed to ensuring that information is available in alternative forms and in formats that recognise the needs of the person and that the website meets contemporary good practice.

Outcome 4: People with disabilities receive the same level and quality of service from the employees of a public authority as other people receive from the employees of that public authority.

Council staff are aware of disabilities and access issues and have the skills to provide appropriate services. In addition, the Shire is committed to improving community awareness about disabilities and access issues.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to a public authority.

The Shire is committed to ensuring that grievance mechanisms are accessible for people with disabilities and are acted upon. There is a complaints process in place to address any complaints or concerns.

Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

The Shire is committed to ensuring that people with disabilities are consulted about the DAIP and any other significant planning processes and will ensure that people with disabilities are aware of and can access other established consultative processes. The Shire adopted its Disabilities Access and Inclusion Plan 2011-2016 in February 2012. The Shire has reviewed the plan in 2015-2016 and provided the annual DAIP Progress Report to the Commission. The Progress Report included comments on Outcome 7 - People with disability have the same opportunities as other people to obtain and maintain employment with a public authority. Outcome 7 was introduced by the Commission recently and will be included in the Shire's DAIP when it is formally reviewed in 2017.

Outcome 7: People with disabilities have the same opportunities as other people to obtain and maintain employment with a Public Authority.

"The Shire is committed to ensuring that people with disabilities are not excluded from its recruitment process, and that existing employees with disability are not discriminated against."

ELECTED MEMBER CONDUCT

There were no complaints that resulted in action against Councillors under section 5.121 of the Local Government Act 1995 during 2015/2016.

RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire maintains and disposes all records in the prescribed manner. The State Records Act 2000 also requires all local authorities to produce a Record Keeping Plan to be endorsed by the State Records Commission. The Shire of Gnowangerup Record Keeping Plan was adopted by Council in March 2013 and subsequently endorsed by the State Records Commission. It was reviewed by Council in March 2014.

Principle 6 - Compliance of the State Records Commission Standard 2 requires that government organisations ensure their employees comply with the Record Keeping Plan and include within its Annual Report a section that addresses points 1 - 4 of the Principle.

Specifically the Record Keeping Plan is to provide evidence to adduce that:

1. *The efficiency and effectiveness of the organisation's record keeping systems is evaluated not less than once in every 5 years.*

The Shires record keeping systems were last reviewed in March 2014 as part of the review of its Record Keeping Plan.

2. *The organisation conducts a record keeping training program.*

The Shire provides record keeping training to appropriate staff as required.

3. *The efficiency and effectiveness of the record keeping training program is reviewed from time to time.*

The Shire is undertaking a review of its systems and processes in 2016/2017.

4. *The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's Record Keeping Plan.*

All new employees receive training as part of their induction process and this is being formally added to a new induction checklist in 2016/2017.

PUBLIC INTEREST DISCLOSURES ACT 2003

The Shire completed the Public Sector Commission's Integrity & Conduct Survey in 2016. This covered the annual reporting responsibilities under the *Public Interest Disclosure Act 2003*. The survey assists the PSC in monitoring ethical trends and building capacity through strengthening organizational structure, leadership and systems, and policies and processes, as part of its oversight of minor misconduct functions under the *Corruption, Crime and Misconduct Act 2003*.

The Shire of Gnowangerup did not receive any public interest disclosures during 2015/2016.

FREEDOM OF INFORMATION

In 2015/2016, the Shire published its annual FOI statement in accordance with the requirements of the Freedom of Information Act 1992. A copy of the statement is available via our website www.gnowangerup.wa.gov.au. We confirm that the Shire complies with the relevant legislation and welcome FOI enquiries.

The Shire of Gnowangerup did not received any FOI applications during 2015/2016.

OUR FINANCES

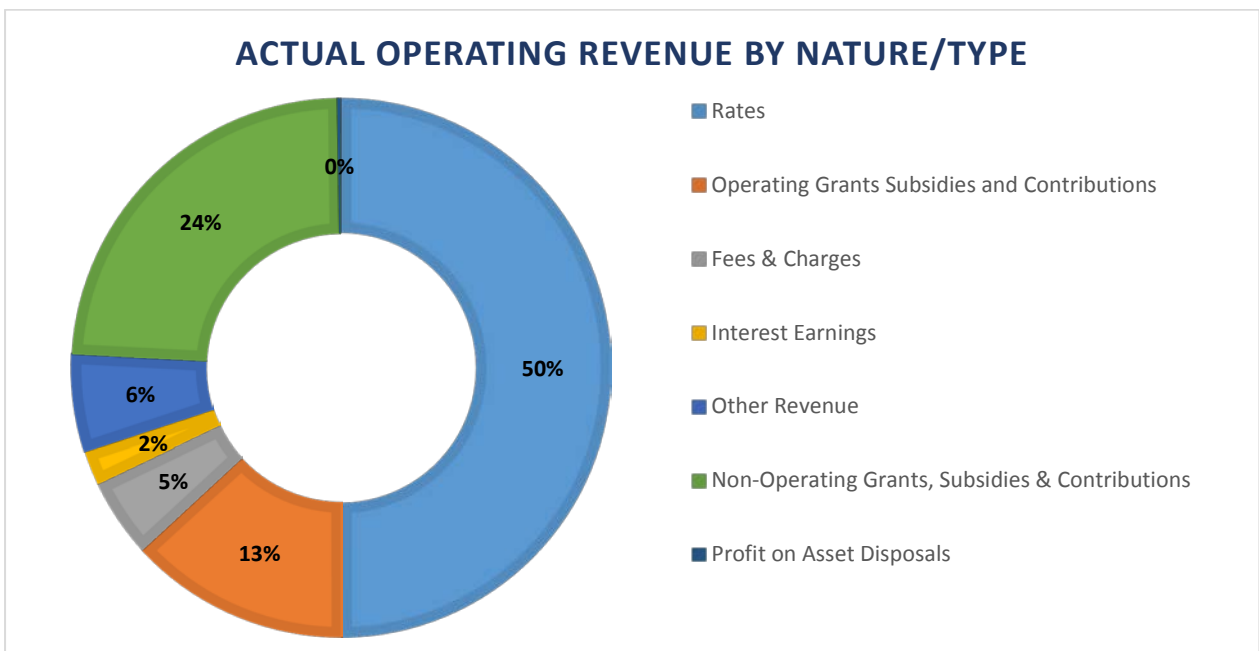
Financial Health Overview

2015/16 RESULTS OVERVIEW	2015/16 ACTUAL \$	VARIANCE TO 2014/15
Total Operating Revenue	6,988,248	(12%)
Total Operating Expenses	7,012,378	25%
Net Result from Operations	(24,130)	(101%)
Total Assets	156,743,799	0%
Total Liabilities	1,839,670	(8%)
Net Assets	154,904,129	0%
Total Cash & Investments	2,404,876	(46%)

Operating Revenue

The Shire's revenue is derived from various sources including rates, fees and charges, interest earnings, other revenue, grants and contributions; a breakdown is shown below:

Operating Revenue By Nature	2013/14 Actual \$	2014/15 Actual \$	2015/16 Actual \$
Rates	3,003,101	3,206,966	3,491,477
Operating Grants, Subsidies & Contributions	1,026,156	2,243,730	924,977
Fees & Charges	325,148	317,467	327,594
Interest Earnings	117,891	96,805	145,550
Other Revenue	463,971	135,340	410,289
Non-Operating Grants, Subsidies, Contributions	1,406,358	1,919,078	1,674,514
Profit on Asset Disposals	151,786	1,925	13,847
Total	6,494,411	7,921,311	6,988,248

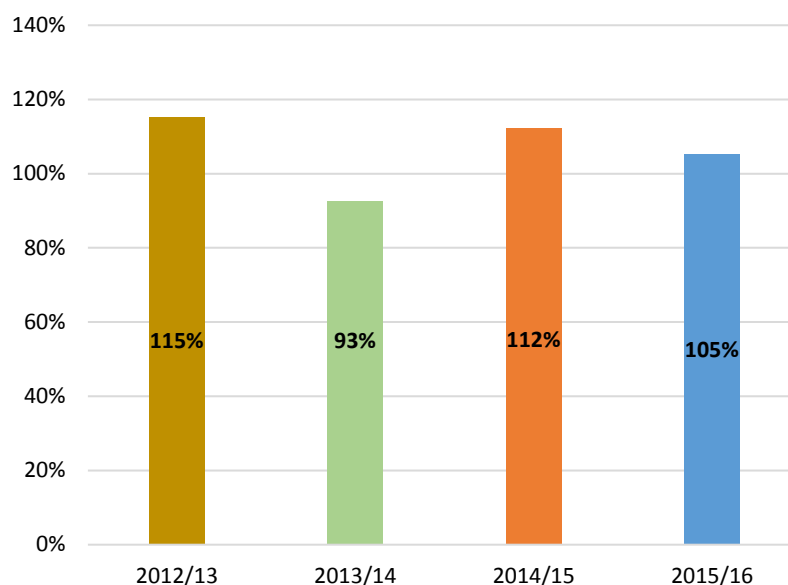


Actual vs Budget	2013/14 \$	2014/15 \$	2015/16 \$
Total Actual Revenue	6,494,411	7,921,311	6,988,248
Total Budget Revenue	7,011,812	7,052,508	6,636,957

The graph on the right illustrates actual revenue against budget estimated revenue.

A significant contribution is Rates income, which generated \$3.49 million, being slightly above the budget estimate due to additional interim rates.

OPERATING REVENUE VS BUDGET



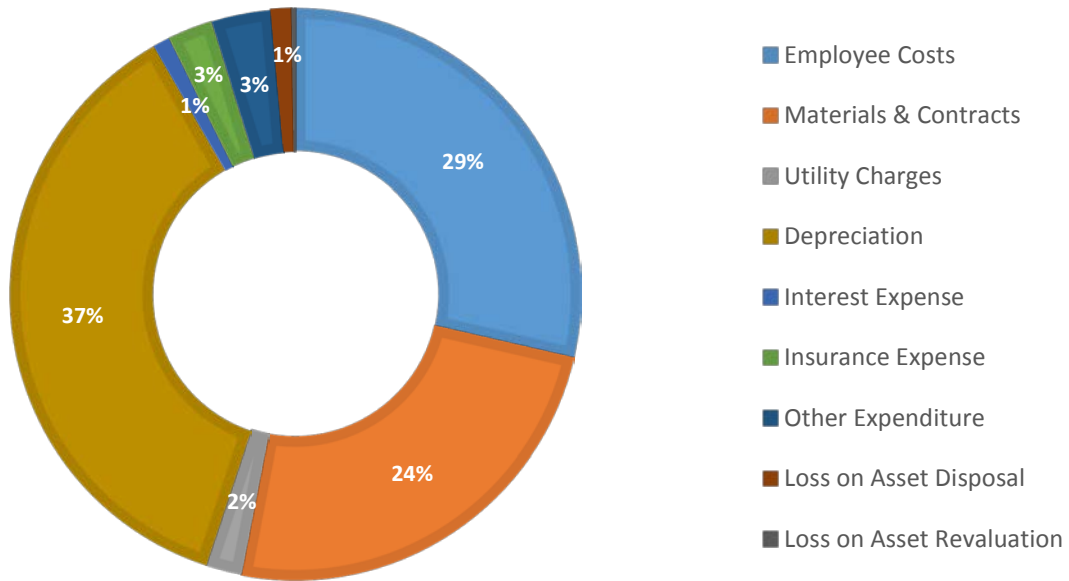
Operating Expense

Operating expenses consist of employee costs, borrowing costs, materials and contracts, utilities, depreciation, interest expense and insurance; a breakdown of which is shown below:

Operating Expenses By Nature	2013/14 Actual \$	2014/15 Actual \$	2015/16 Actual \$
Employee Costs	2,002,690	1,926,897	2,006,228
Materials & Contracts	1,412,580	1,113,920	1,712,540
Utility Charges	158,326	123,088	142,692
Depreciation	1,257,217	1,547,096	2,571,267
Interest Expense	88,525	78,516	67,208
Insurance Expense	158,330	210,091	178,991
Other Expenses	175,017	214,754	234,544
Loss on Asset Disposal	108,175	333,351	82,365
Loss on Asset Revaluation	0	79,805	16,543
Total	5,360,860	5,627,518	7,012,378



OPERATING EXPENSES BY NATURE/TYPE

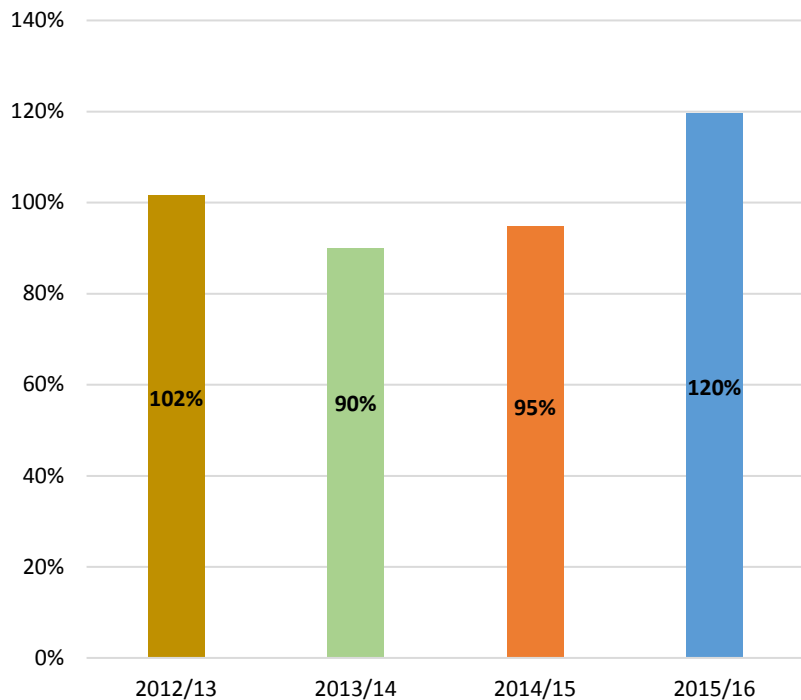


Actual vs Budget	2013/14 \$	2014/15 \$	2015/16 \$
Total Actual Expenses	5,360,860	5,627,518	7,012,378
Total Budget Expenses	5,966,341	5,940,591	5,867,292

The graph on the right illustrates how effective the Shire’s budget development and management practice are by comparing how close actuals align to budget estimates.

When comparing actual spend to the budget, each expense category (except depreciation and employee costs) achieved an end of year result against budget of 3% or greater. Depreciation increased significantly due to fair value increases to assets.

OPERATING EXPENSES VS BUDGET



Net Result from Operations

When considering financial sustainability one of the key measures referred to is the Net Result from Operations, which is calculated by subtracting Operating Expenses from Operating Revenues. The Shire recognises the importance of budgeting towards and achieving long term financial sustainability in this regard and as such, provided in the table below is reference to past years' results.

Description	2013/14 \$	2014/15 \$	2015/16 \$
Net Result from operations	1,133,551	2,299,793	(24,130)

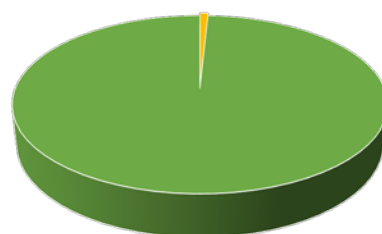
The figure for 2015/16 shows a negative result, which is attributable to the significant increase in depreciation. The increase in depreciation expense was caused by a significant increase in asset values stemming from compliance with Fair Value requirements. The other years show strong positive net result outcomes.

Capital Expenditure

Effectively implementing capital projects is essential to achieve the Shire's vision. A total of \$4,310,575 of capital projects was delivered during 2015/16. A summary of projects is shown by Function below:

Operating Expenses By Nature	2015/16 Revised Budget \$	2015/16 Actual \$
Governance	13,500	10,809
Health	5,000	0
Housing	1,705	7,133
Community Amenities	344,600	7,526
Recreation & Culture	2,337,377	2,237,529
Transport	2,390,285	2,009,289
Economic Services	65,000	38,289
Total	5,157,467	4,310,575

CAPITAL EXPENDITURE BY TYPE



- Capital - New
- Capital - Upgrade
- Capital - Renewal/Replacement

Actual Performance Against Budget

The Shire's budget is regularly reviewed and revised where necessary. Furthermore a mid-year review is undertaken and presented to Council. The analysis below is based on the mid-year adjustment budget 2015/16.

Total Operating Revenue	2015/16 Actual \$	2015/16 Revised Budget \$	Variance \$	Variance %
Rates	3,491,477	3,471,608	19,869	0%
Operating Grants, Subsidies & Contributions	924,977	1,018,606	(93,629)	(9%)
Fees & Charges	327,594	288,698	38,896	13%
Interest Earnings	145,550	98,444	47,106	48%
Other Revenue	424,136	66,271	357,865	519%
Non-Operating Grants, Subsidies, Contributions	1,674,514	1,849,839	(161,478)	(9%)
Total	6,988,248	6,793,466	194,782	3%

Total Operating Expenses	2015/16 Actual \$	2015/16 Revised Budget \$	Variance \$	Variance %
Employee Costs	2,006,228	1,744,576	(261,652)	(15%)
Materials & Contracts	1,712,540	1,952,280	239,740	12%
Utility Charges	142,692	165,024	22,332	14%
Depreciation	2,571,267	1,506,295	(1,064,972)	(71%)
Interest Expense	67,208	69,009	1,801	3%
Insurance Expense	178,991	207,550	28,559	14%
Other Expenses	333,452	355,704	22,252	6%
Total	7,012,378	6,000,438	(1,011,940)	(37%)

Total Capital Expenditure	2015/16 Actual \$	2015/16 Revised Budget \$	Variance \$	Variance %
Total	4,310,575	5,157,467	846,892	16%

Financial Position

Assets	2013/14 \$	2014/15 \$	2015/16 \$
Cash & Cash Equivalents	1,946,143	4,465,229	2,404,876
Trade & Other Receivables	589,392	530,022	930,122
Inventories	25,283	34,372	26,697
Property, Plant & Equipment	27,422,894	26,918,223	28,995,748
Infrastructure	29,355,915	124,775,412	124,386,356
Total	59,339,627	156,723,258	156,743,799

Total assets for 2015/16 slightly increased by \$20,541 compared to 2014/15. Property, Plant and Equipment had the largest increase of 7.7% due to construction of the swimming pool facility.

Liabilities	2013/14 \$	2014/15 \$	2015/16 \$
Trade & Other Payables	225,323	236,740	222,389
Current Provisions	202,524	221,774	260,751
Non-Current Provisions	39,269	29,226	45,109
Long Term Borrowings	1,707,200	1,514,255	1,311,421
Total	2,174,316	2,001,995	1,839,670

Total liabilities for 2015/16 decreased by 8.1% compared to 2014/15, with the repayment of debt (long term borrowings) being the largest contributor.

Net Community Assets	2013/14 \$	2014/15 \$	2015/16 \$
Total	57,165,311	154,721,263	154,904,129

Community Equity	2013/14 \$	2014/15 \$	2015/16 \$
Retained Surplus	40,460,907	42,358,922	42,486,763
Reserves – Cash backed	1,540,037	1,941,816	1,789,845
Reserves – Asset Revaluation	15,164,367	110,420,525	110,627,521
Total	57,165,311	154,721,263	154,904,129

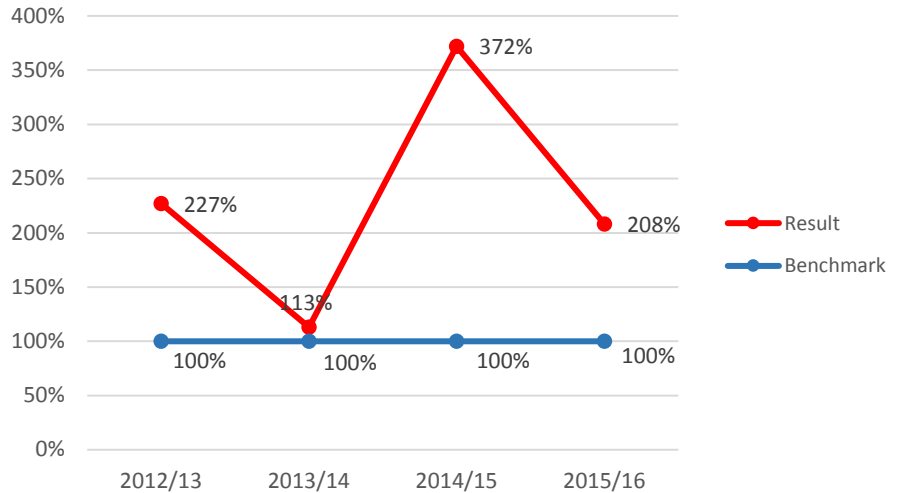
Cash Flows	2013/14 \$	2014/15 \$	2015/16 \$
Cash Flows from Operating Activities	1,013,336	2,363,245	551,700
Cash Flows from Investing Activities	(2,777,890)	297,454	(2,463,288)
Cash Flows from Financing Activities	1,088,574	(141,613)	(148,765)
Net Increase/(Decrease) in Cash Held	(675,980)	2,519,086	(2,060,353)

Financial Ratios

Current Ratio

This is a modified commercial ratio designed to focus on the liquidity position of the Shire that has arisen from past years' transactions.

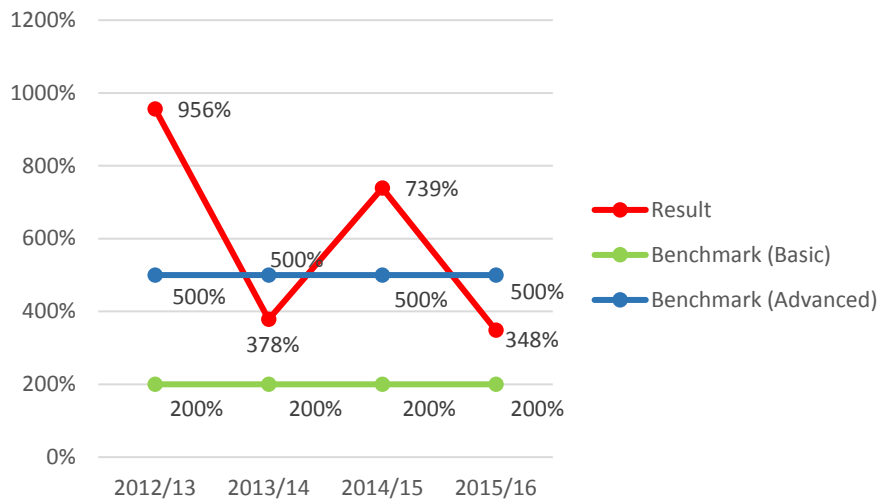
The benchmark standard for this ratio has been met as it is more than 100%.



Debt Service Cover Ratio

This ratio is a measurement of the Shire's ability to repay its debt obligations including lease payments.

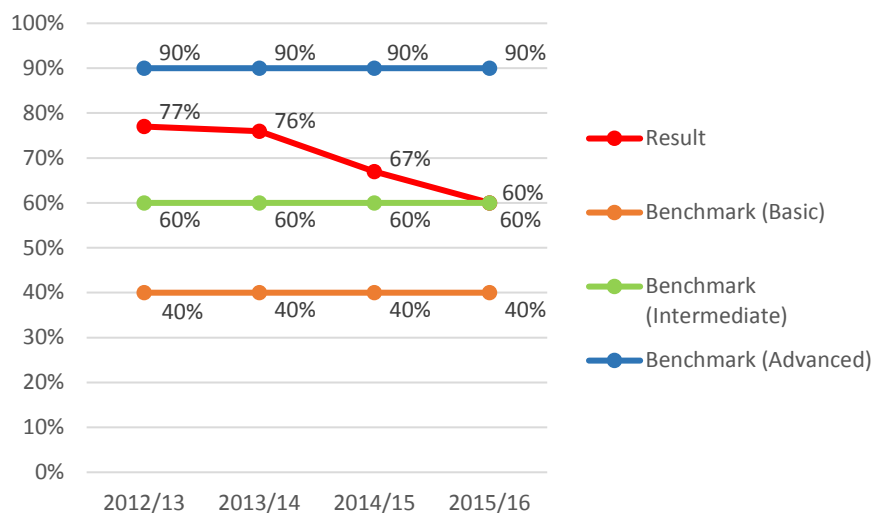
A basic standard for this ratio has been achieved as it is greater than 200%, but less than 500%.



Own Source Revenue Coverage Ratio

This ratio is a measurement of the Shire's ability to cover its costs through its own revenue efforts.

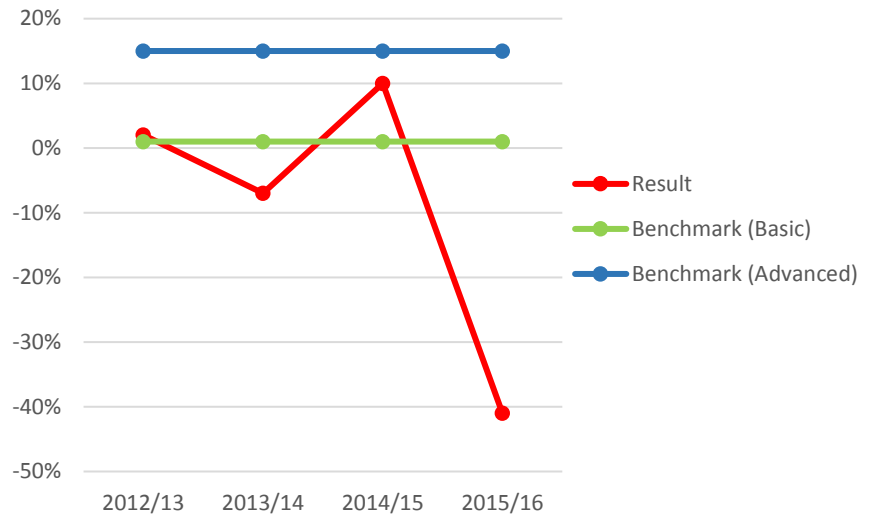
An intermediate standard has been achieved as the ratio is greater than 60%.



Operating Surplus Ratio

This ratio is a measurement of the Shire’s ability to cover its operational costs and have revenues available for capital funding or other purposes.

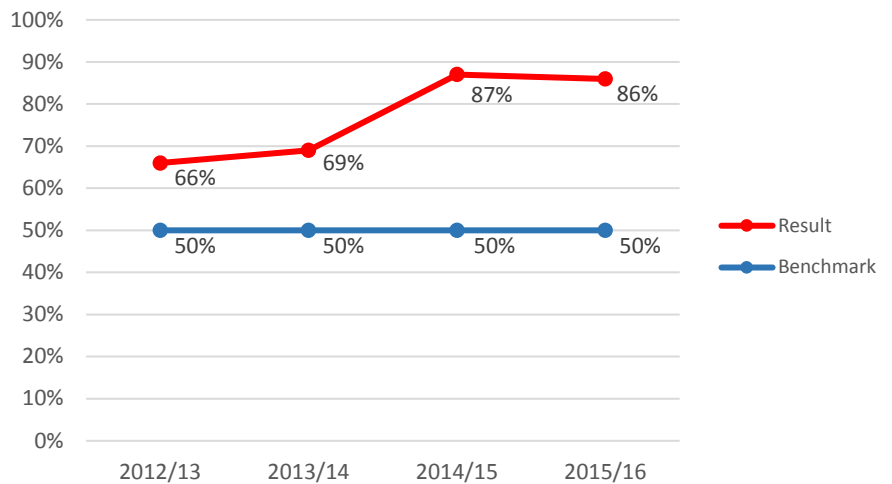
The standard has not been met as the ratio is less than 1%.



Asset Consumption Ratio

This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

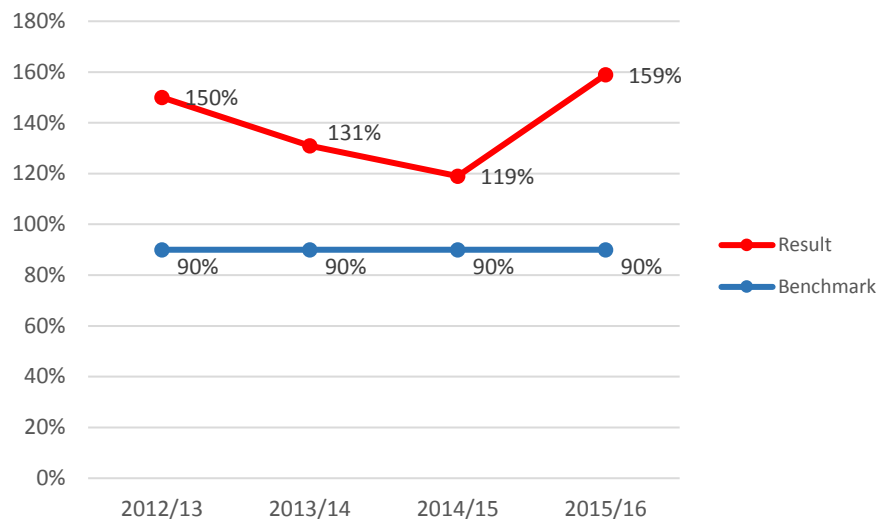
The standard has been met as the ratio is greater than 50%.



Asset Sustainability Ratio

This ratio indicates whether the Shire is replacing or renewing existing assets at the same rate that its overall asset stock is wearing out.

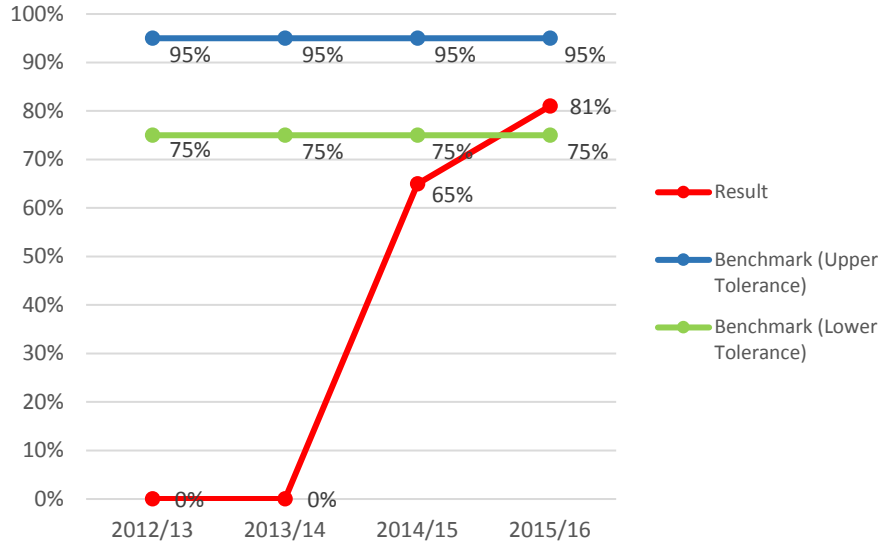
The standard has been met as the ratio is greater than 90%.



Asset Renewal Funding Ratio

This ratio measures the ability of the Shire to fund its projected asset renewal/replacements in the future.

The standard has been met as the ratio is greater than 75%.



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

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Principal place of business:
28 Yougenup Road
GNOWANGERUP WA 6335

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the *fourteenth* day of *November* 2016



Shelley Pike
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	23	3,491,477	3,469,308	3,206,966
Operating grants, subsidies and contributions	31	924,977	904,811	2,249,730
Fees and charges	30	327,594	277,068	317,467
Interest earnings	2(a)	145,550	85,720	96,805
Other revenue	2(a)	410,289	62,411	135,340
		<u>5,299,887</u>	<u>4,799,318</u>	<u>6,006,308</u>
Expenses				
Employee costs		(2,006,228)	(1,736,903)	(1,926,897)
Materials and contracts		(1,712,540)	(1,806,007)	(1,113,920)
Utility charges		(142,692)	(161,965)	(123,088)
Depreciation on non-current assets	2(a)	(2,571,267)	(1,506,295)	(1,547,096)
Interest expenses	2(a)	(67,208)	(84,118)	(78,516)
Insurance expenses		(178,991)	(206,860)	(210,091)
Other expenditure		(234,544)	(365,144)	(214,753)
		<u>(6,913,470)</u>	<u>(5,867,292)</u>	<u>(5,214,361)</u>
		(1,613,583)	(1,067,974)	791,947
Non-operating grants, subsidies and contributions	31	1,674,514	1,837,639	1,919,078
Profit on asset disposals	21	13,847	0	1,925
(Loss) on asset disposals	21	(82,365)	0	(333,351)
Fair value adjustments to financial assets at				
(Loss) on revaluation of furniture and equipment	7(b)	(16,543)	0	0
(Loss) on revaluation of Infrastructure - footpaths	8(b)	0	0	(29,640)
(Loss) on revaluation of Infrastructure - other	8(b)	0	0	(42,457)
Reversal of prior year loss on revaluation of Infrastructure - Solid Waste	8(b)	0	0	(7,708)
Net result		<u>(24,130)</u>	<u>769,665</u>	<u>2,299,793</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	206,996	0	95,256,158
Total other comprehensive income		<u>206,996</u>	<u>0</u>	<u>95,256,158</u>
Total comprehensive income		<u><u>182,866</u></u>	<u><u>769,665</u></u>	<u><u>97,555,951</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		7,961	7,450	35,090
General purpose funding		4,122,193	4,077,052	5,133,536
Law, order, public safety		111,894	85,314	68,986
Health		329	0	164
Education and welfare		12,979	13,525	13,566
Housing		83,254	83,080	84,271
Community amenities		279,527	265,530	230,856
Recreation and culture		88,086	29,800	171,159
Transport		365,682	126,900	123,401
Economic services		20,068	15,098	17,017
Other property and services		207,914	95,569	128,262
		<u>5,299,887</u>	<u>4,799,318</u>	<u>6,006,308</u>
Expenses	2(a)			
Governance		(704,475)	(924,151)	(713,555)
General purpose funding		(68,141)	(59,949)	(190,150)
Law, order, public safety		(285,646)	(279,999)	(197,121)
Health		(220,168)	(227,063)	(212,849)
Education and welfare		(21,542)	(20,700)	(17,929)
Housing		(52,246)	(58,964)	(42,126)
Community amenities		(433,048)	(640,336)	(463,813)
Recreation and culture		(1,236,632)	(1,034,242)	(1,012,770)
Transport		(3,191,826)	(1,927,554)	(1,961,099)
Economic services		(87,710)	(117,461)	(74,919)
Other property and services		(544,828)	(492,755)	(249,515)
		<u>(6,846,262)</u>	<u>(5,783,174)</u>	<u>(5,135,846)</u>
Finance costs	2(a)			
General purpose funding		0	0	(6)
Housing		(25,669)	(26,512)	(29,348)
Community amenities		(2,532)	(2,636)	(3,288)
Recreation and culture		(39,007)	(54,970)	(45,874)
		<u>(67,208)</u>	<u>(84,118)</u>	<u>(78,516)</u>
		(1,613,583)	(1,067,974)	791,946
Non-operating grants, subsidies and contributions	31	1,674,514	1,837,639	1,919,078
Profit on disposal of assets	21	13,847	0	1,925
(Loss) on disposal of assets	21	(82,365)	0	(333,351)
(Loss) on revaluation of furniture and equipment	7(b)	(16,543)	0	0
(Loss) on revaluation of Infrastructure - footpaths	8(b)	0	0	(29,640)
(Loss) on revaluation of Infrastructure - other	8(b)	0	0	(42,457)
Reversal of prior year loss on revaluation of Infrastructure - Solid Waste	8(b)	0	0	(7,708)
		<u>(16,543)</u>	<u>0</u>	<u>(79,805)</u>
Net result		<u>(24,130)</u>	<u>769,665</u>	<u>2,299,793</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	206,996	0	95,256,158
Total other comprehensive income		<u>206,996</u>	<u>0</u>	<u>95,256,158</u>
Total comprehensive income		<u><u>182,866</u></u>	<u><u>769,665</u></u>	<u><u>97,555,951</u></u>

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

SHIRE OF GNOWANGERUP
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,404,876	4,465,229
Trade and other receivables	5	631,700	221,942
Inventories	6	20,511	28,186
TOTAL CURRENT ASSETS		<u>3,057,087</u>	<u>4,715,357</u>
NON-CURRENT ASSETS			
Other receivables	5	298,422	308,080
Inventories		6,186	6,186
Property, plant and equipment	7	28,995,748	26,918,223
Infrastructure	8	124,386,356	124,775,412
TOTAL NON-CURRENT ASSETS		<u>153,686,712</u>	<u>152,007,901</u>
TOTAL ASSETS		<u>156,743,799</u>	<u>156,723,258</u>
CURRENT LIABILITIES			
Trade and other payables	9	222,389	236,740
Current portion of long term borrowings	10	185,608	202,834
Provisions	11	260,751	221,774
TOTAL CURRENT LIABILITIES		<u>668,748</u>	<u>661,348</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	1,125,813	1,311,421
Provisions	11	45,109	29,226
TOTAL NON-CURRENT LIABILITIES		<u>1,170,922</u>	<u>1,340,647</u>
TOTAL LIABILITIES		<u>1,839,670</u>	<u>2,001,995</u>
NET ASSETS		<u>154,904,129</u>	<u>154,721,263</u>
EQUITY			
Retained surplus		42,486,763	42,358,922
Reserves - cash backed	12	1,789,845	1,941,816
Revaluation surplus	13	110,627,521	110,420,525
TOTAL EQUITY		<u>154,904,129</u>	<u>154,721,263</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		40,460,908	1,540,037	15,164,367	57,165,312
Comprehensive income					
Net result		2,299,793	0	0	2,299,793
Changes on revaluation of assets	13	0	0	95,256,158	95,256,158
Total comprehensive income		2,299,793	0	95,256,158	97,555,951
Transfers from/(to) reserves		(401,779)	401,779	0	0
Balance as at 30 June 2015		42,358,922	1,941,816	110,420,525	154,721,263
Comprehensive income					
Net result		(24,130)	0	0	(24,130)
Changes on revaluation of assets	13	0	0	206,996	206,996
Total comprehensive income		(24,130)	0	206,996	182,866
Transfers from/(to) reserves		151,971	(151,971)	0	0
Balance as at 30 June 2016		42,486,763	1,789,845	110,627,521	154,904,129

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

**SHIRE OF GNOWANGERUP
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		3,460,767	3,491,808	3,183,897
Operating grants, subsidies and contributions		501,522	904,811	2,249,730
Fees and charges		327,594	277,068	330,965
Interest earnings		145,550	84,860	96,805
Goods and services tax		617,928	0	338,987
Other revenue		410,289	63,271	135,340
		<u>5,463,650</u>	<u>4,821,818</u>	<u>6,335,724</u>
Payments				
Employee costs		(1,943,185)	(1,692,259)	(1,912,106)
Materials and contracts		(1,725,683)	(1,826,007)	(1,098,083)
Utility charges		(142,692)	(161,965)	(123,088)
Interest expenses		(68,924)	(86,618)	(79,990)
Insurance expenses		(178,991)	(206,860)	(210,091)
Goods and services tax		(617,932)	0	(338,998)
Other expenditure		(234,543)	(365,144)	(210,123)
		<u>(4,911,950)</u>	<u>(4,338,853)</u>	<u>(3,972,479)</u>
Net cash provided by (used in) operating activities	14(b)	<u>551,700</u>	<u>482,965</u>	<u>2,363,245</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,939,645)	(3,418,125)	(1,351,914)
Payments for construction of infrastructure		(1,370,930)	(1,901,565)	(815,055)
Non-operating grants, subsidies and contributions		1,674,514	1,837,639	1,919,078
Proceeds from sale of fixed assets		172,773	212,000	545,345
Net cash provided by (used in) investment activities		<u>(2,463,288)</u>	<u>(3,270,051)</u>	<u>297,454</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(202,834)	(213,858)	(192,945)
Proceeds from self supporting loans		54,069	54,070	51,332
Proceeds from new debentures		0	200,000	0
Net cash provided by (used in) financing activities		<u>(148,765)</u>	<u>40,212</u>	<u>(141,613)</u>
Net increase (decrease) in cash held		(2,060,353)	(2,746,874)	2,519,086
Cash at beginning of year		4,465,229	4,465,229	1,946,143
Cash and cash equivalents at the end of the year	14(a)	<u><u>2,404,876</u></u>	<u><u>1,718,355</u></u>	<u><u>4,465,229</u></u>

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

**SHIRE OF GNOWANGERUP
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)		2,260,957	2,274,144	187,705
		<u>2,260,957</u>	<u>2,274,144</u>	<u>187,705</u>
Revenue from operating activities (excluding rates)				
Governance		7,961	7,450	35,090
General purpose funding		824,428	780,898	2,019,971
Law, order, public safety		111,894	85,314	68,986
Health		329	0	164
Education and welfare		12,979	13,525	13,566
Housing		83,254	83,080	84,271
Community amenities		279,527	265,530	230,856
Recreation and culture		88,086	29,800	171,159
Transport		379,529	126,900	125,326
Economic services		20,068	15,098	17,017
Other property and services		207,914	95,569	128,262
		<u>2,015,969</u>	<u>1,503,164</u>	<u>2,894,668</u>
Expenditure from operating activities				
Governance		(704,475)	(924,151)	(713,555)
General purpose funding		(68,141)	(59,949)	(190,156)
Law, order, public safety		(285,646)	(279,999)	(256,963)
Health		(220,168)	(227,063)	(358,271)
Education and welfare		(21,542)	(20,700)	(17,929)
Housing		(99,453)	(85,476)	(81,474)
Community amenities		(435,580)	(642,972)	(467,101)
Recreation and culture		(1,308,900)	(1,089,212)	(1,058,644)
Transport		(3,219,392)	(1,927,554)	(2,071,801)
Economic services		(87,710)	(117,461)	(74,919)
Other property and services		(561,371)	(492,755)	(336,705)
		<u>(7,012,378)</u>	<u>(5,867,292)</u>	<u>(5,627,518)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(13,847)	0	(1,925)
Loss on disposal of assets	21	82,365	0	333,351
Movement for Loss on Revaluation of Fixed Assets	7(b)	16,543	0	79,805
Movement in deferred pensioner rates (non-current)		(19,647)	0	(9,811)
Movement in employee benefit provisions (non-current)		15,883	44,644	(10,041)
Depreciation and amortisation on assets	2(a)	2,571,267	1,506,295	1,547,096
Amount attributable to operating activities		<u>(82,888)</u>	<u>(539,045)</u>	<u>(606,670)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,674,514	1,837,639	1,919,078
Proceeds from disposal of assets	21	172,773	212,000	545,345
Purchase of property, plant and equipment	7(b)	(2,939,645)	(3,418,125)	(1,351,914)
Purchase and construction of infrastructure	8(b)	(1,370,930)	(1,901,565)	(815,055)
Amount attributable to investing activities		<u>(2,463,288)</u>	<u>(3,270,051)</u>	<u>297,454</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(202,834)	(213,858)	(192,945)
Proceeds from new debentures	22(a)	0	200,000	0
Proceeds from self supporting loans		54,069	54,070	51,332
Transfers to reserves (restricted assets)	12	(198,029)	(177,270)	(480,412)
Transfers from reserves (restricted assets)	12	350,000	650,000	78,633
Amount attributable to financing activities		<u>3,206</u>	<u>512,942</u>	<u>(543,392)</u>
Surplus(deficiency) before general rates		<u>(2,542,970)</u>	<u>(3,296,154)</u>	<u>(852,608)</u>
Total amount raised from general rates	23	<u>3,297,765</u>	<u>3,296,154</u>	<u>3,113,565</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>754,796</u></u>	<u><u>0</u></u>	<u><u>2,260,957</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Airport infrastructure	13 to 100 years
Parks and ovals infrastructure	2 to 100 years
Other infrastructure	10 to 50 years

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

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

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	17,937	19,892
- Assistance with finalisation of the annual financial report	0	7,150
- Other Services	5,250	0
Depreciation		
Buildings - non-specialised	29,182	31,185
Buildings - specialised	365,828	365,473
Furniture and equipment	24,477	13,314
Plant and equipment	391,794	373,721
Intangible Assets	0	463
Infrastructure - roads	1,103,378	619,299
Infrastructure - footpaths	9,221	13,196
Infrastructure - drainage	63,971	12,582
Infrastructure - parks and ovals	380,135	101,436
Infrastructure - other	0	3,096
Infrastructure - Airports	174,911	11,154
Infrastructure - Sewer	21,221	1,843
Infrastructure - Solid Waste	7,149	334
	<u>2,571,267</u>	<u>1,547,096</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	67,208	78,510
Interest on Overdraft	0	6
	<u>67,208</u>	<u>78,516</u>
Rental charges		
- Operating leases	11,830	11,830
	<u>11,830</u>	<u>11,830</u>
(ii) Crediting as revenue:		
Significant revenue		
Reimbursements from storm damage	<u>221,206</u>	<u>0</u>
Other revenue		
Reimbursements and recoveries	120,739	64,108
Significant revenue (refer above)	221,206	0
Other	68,344	71,232
	<u>410,289</u>	<u>135,340</u>
	<u>2,981,556</u>	<u>1,682,436</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Loans receivable - clubs/institutions	12,772	0
- Reserve funds	50,412	31,000
- Other funds	49,415	29,860
Other interest revenue (refer note 29)	32,951	24,860
	<u>145,550</u>	<u>85,720</u>
	<u>1,837,006</u>	<u>1,768,156</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

"A thriving, inclusive and growing community built on opportunity"

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

GOVERNANCE

Objective:

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

Activities:

Administration and operation of members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

To collect revenue in the form of rates, interest and general purpose Government grants to allow for the provision of services.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

To provide services to help ensure a safer community. Activities include fire prevention, emergency services and animal control.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

To provide an operational framework for good community health, which includes food quality and pest control.

EDUCATION AND WELFARE

Objective:

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

Activities:

The provision of pre-school facilities to relevant community groups and the support of youth in the community.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision of community housing, including administrative support for aged housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽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 \$
Country Local Gov. Fund	Various	1,111	0	(1,111)	0	0	0	0
DSR - KidzSports Grant	Recreation & Culture	21,062	6,000	(21,062)	6,000	0	(6,000)	0
Bushfire Operational Grant	Law, Order & Public Safety	6,670	11,750	(6,670)	11,750	54,046	(51,175)	14,621
SES Operational Grant	Law, Order & Public Safety	4,172	3,901	(4,172)	3,901	19,833	(18,901)	4,833
DLG - Cat Sterilisation	Law, Order & Public Safety	4,900	0	0	4,900	0	(4,900)	0
ICCWA - Stay On Your Feet	Recreation & Culture	476	0	0	476	0	0	476
DSR - Hip Hop Grant	Recreation & Culture	751	0	(751)	0	0	0	0
DFES - SES Building Grant	Law, Order & Public Safety	0	520,276	(520,276)	0	0	0	0
DSR - Swimming Pool Grant	Recreation & Culture	0	175,000	0	175,000	0	(175,000)	0
Country Local Government Fund - Swimming Pool	Recreation & Culture	0	332,761	0	332,761	0	(332,761)	0
DLG - Workforce Planning Grant	Governance	0	25,000	(6,500)	18,500	0	(18,500)	0
DSR - Club Development Grant	Recreation & Culture	0	10,000	0	10,000	0	(10,000)	0
Total		<u>39,142</u>	<u>1,084,688</u>	<u>(560,542)</u>	<u>563,288</u>	<u>73,879</u>	<u>(617,237)</u>	<u>19,930</u>

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		595,101	1,960,125
Restricted		<u>1,809,775</u>	<u>2,505,104</u>
		<u>2,404,876</u>	<u>4,465,229</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	12	69,451	67,693
Plant reserve	12	665,686	902,262
Ongerup Effluent	12	125,564	112,640
Area Promotion	12	28,336	27,619
Swimming Pool Upgrade	12	35,431	34,535
Land Development	12	619,284	610,332
Computer Replacement	12	7,480	7,291
Waste Disposal	12	222,219	163,464
Royalties for Regions Unspent Grant	12	1,167	1,138
Future Funds	12	15,227	14,842
Unspent grants	2(c)	<u>19,930</u>	<u>563,288</u>
		<u>1,809,775</u>	<u>2,505,104</u>

4. INVESTMENTS

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

Leave reserve	12	69,451	67,693
Plant reserve	12	665,686	902,262
Ongerup Effluent	12	125,564	112,640
Area Promotion	12	28,336	27,619
Swimming Pool Upgrade	12	35,431	34,535
Land Development	12	619,284	610,332
Computer Replacement	12	7,480	7,291
Waste Disposal	12	222,219	163,464
Royalties for Regions Unspent Grant	12	1,167	1,138
Future Funds	12	<u>15,227</u>	<u>14,842</u>
		<u>1,789,845</u>	<u>1,941,816</u>

5. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding		160,215	149,152
Sundry debtors		441,142	17,555
GST receivable		64	60
Loans receivable - clubs/institutions		29,306	54,070
Accrued Interest on Self Supporting Loans		<u>973</u>	<u>1,105</u>
		<u>631,700</u>	<u>221,942</u>

Non-current

Rates outstanding - pensioners		106,087	86,440
Loans receivable - clubs/institutions		<u>192,335</u>	<u>221,640</u>
		<u>298,422</u>	<u>308,080</u>

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

	2016	2015
	\$	\$
6. INVENTORIES		
Current		
Fuel and materials	20,511	28,186
	<u>20,511</u>	<u>28,186</u>
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	1,143,000	1,143,000
	<u>1,143,000</u>	<u>1,143,000</u>
	<u>1,143,000</u>	<u>1,143,000</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	1,750,000	1,750,000
- Additions after valuation - cost	7,133	0
Less: accumulated depreciation	<u>(58,354)</u>	<u>(29,172)</u>
	1,698,779	1,720,828
Buildings - specialised at:		
- Independent valuation 2014 - level 3	20,064,091	20,174,155
- Additions after valuation - cost	2,989,793	706,110
Less: accumulated depreciation	<u>(665,465)</u>	<u>(354,901)</u>
	22,388,419	20,525,364
	<u>24,087,198</u>	<u>22,246,192</u>
Total land and buildings	<u>25,230,198</u>	<u>23,389,192</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	42,250	0
- Management valuation 2013 - level 3	0	28,369
- Additions after valuation - cost	0	70,009
Less accumulated depreciation	<u>0</u>	<u>(15,108)</u>
	42,250	83,270
Plant and equipment at:		
- Management valuation 2016 - level 3	3,723,300	0
- Management valuation 2013 - level 3	0	2,423,918
- Additions after valuation - cost	0	1,629,564
Less accumulated depreciation	<u>0</u>	<u>(607,721)</u>
	3,723,300	3,445,761
	<u>28,995,748</u>	<u>26,918,223</u>

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

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

7. 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	1,143,000	0	0	0	0	0	0	0	1,143,000
Total land	1,143,000	0	0	0	0	0	0	0	1,143,000
Buildings - non-specialised	1,720,828	7,133	0	0	0	0	(29,182)	0	1,698,779
Buildings - specialised	20,525,364	2,283,683	(54,800)	0	0	0	(365,828)	0	22,388,419
Total buildings	22,246,192	2,290,816	(54,800)	0	0	0	(395,010)	0	24,087,198
Total land and buildings	23,389,192	2,290,816	(54,800)	0	0	0	(395,010)	0	25,230,198
Furniture and equipment	83,270	0	0	0	(16,543)	0	(24,477)	0	42,250
Plant and equipment	3,445,761	648,829	(186,492)	206,996	0	0	(391,794)	0	3,723,300
Total property, plant and equipment	26,918,223	2,939,645	(241,292)	206,996	(16,543)	0	(811,281)	0	28,995,748

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

7. 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	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare
Buildings - non-specialised	Level 2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2014	Price per hectare
Buildings - specialised	Level 3	Improvements to land valued using cost approach, using depreciated replacement cost	Independent registered valuers	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
- Management valuation 2016	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2013	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2013	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	Level 2/3	Market approach using recent observable market data for similar assets, or Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs for similar assets and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
- Management valuation 2013	Level 2	Market approach using recent observable market data for similar assets	Management valuation	June 2013	Purchase costs for similar assets and current condition (Level 2)

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

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

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

	2016	2015
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Management valuation 2015 - level 3	114,340,023	114,340,023
- Additions after valuation - cost	1,289,300	0
Less accumulated depreciation	<u>(20,001,082)</u>	<u>(18,897,704)</u>
	95,628,241	95,442,319
Infrastructure - footpaths		
- Management valuation 2015 - level 3	461,040	461,040
- Additions after valuation - cost	18,923	0
Less accumulated depreciation	<u>(137,851)</u>	<u>(128,630)</u>
	342,112	332,410
Infrastructure - drainage		
- Management valuation 2015 - level 3	3,191,960	3,191,960
- Additions after valuation - cost	3,740	0
Less accumulated depreciation	<u>(1,110,934)</u>	<u>(1,046,963)</u>
	2,084,766	2,144,997
Infrastructure - parks and ovals		
- Management valuation 2015 - level 3	6,549,640	6,549,640
Less accumulated depreciation	<u>(2,055,293)</u>	<u>(1,675,158)</u>
	4,494,347	4,874,482
Infrastructure - other		
- Additions after valuation - cost	<u>16,751</u>	<u>0</u>
	16,751	0
Infrastructure - Airports		
- Management valuation 2015 - level 3	21,595,698	21,595,698
- Additions after valuation - cost	40,742	0
Less accumulated depreciation	<u>(480,342)</u>	<u>(305,431)</u>
	21,156,098	21,290,267
Infrastructure - Sewer		
- Management valuation 2015 - level 3	967,790	967,790
- Additions after valuation - cost	1,239	0
Less accumulated depreciation	<u>(406,694)</u>	<u>(385,473)</u>
	562,335	582,317
Infrastructure - Solid Waste		
- Management valuation 2015 - level 3	135,973	135,973
- Additions after valuation - cost	235	0
Less accumulated depreciation	<u>(34,502)</u>	<u>(27,353)</u>
	101,706	108,620
	<u>124,386,356</u>	<u>124,775,412</u>

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

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

8. 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	95,442,319	1,289,300	0	0	0	0	(1,103,378)	0	95,628,241
Infrastructure - footpaths	332,410	18,923	0	0	0	0	(9,221)	0	342,112
Infrastructure - drainage	2,144,997	3,740	0	0	0	0	(63,971)	0	2,084,766
Infrastructure - parks and ovals	4,874,482	0	0	0	0	0	(380,135)	0	4,494,347
Infrastructure - other	0	16,751	0	0	0	0	0	0	16,751
Infrastructure - Airports	21,290,267	40,742	0	0	0	0	(174,911)	0	21,156,098
Infrastructure - Sewer	582,317	1,239	0	0	0	0	(21,221)	0	562,335
Infrastructure - Solid Waste	108,620	235	0	0	0	0	(7,149)	0	101,706
Total infrastructure	<u>124,775,412</u>	<u>1,370,930</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,759,986)</u>	<u>0</u>	<u>124,386,356</u>

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

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

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

	2016	2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	142,092	163,904
Accrued interest on debentures	9,876	11,592
Accrued salaries and wages	6,376	51,034
ATO liabilities	52,830	(11)
Rates Received in Advance	11,215	10,221
	<u>222,389</u>	<u>236,740</u>

10. LONG-TERM BORROWINGS

Current

Secured by floating charge

 Debentures

	185,608	202,834
	<u>185,608</u>	<u>202,834</u>

Non-current

Secured by floating charge

 Debentures

	1,125,813	1,311,421
	<u>1,125,813</u>	<u>1,311,421</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual and Sick Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2015			
Current provisions	134,495	87,279	221,774
Non-current provisions	0	29,226	29,226
	<u>134,495</u>	<u>116,505</u>	<u>251,000</u>
Additional provision	23,229	37,148	60,377
Amounts used	0	(5,517)	(5,517)
Balance at 30 June 2016	<u>157,724</u>	<u>148,136</u>	<u>305,860</u>
Comprises			
Current	157,724	103,027	260,751
Non-current	0	45,109	45,109
	<u>157,724</u>	<u>148,136</u>	<u>305,860</u>

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

12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance	Actual 2016 Transfer to	Actual 2016 Transfer (from)	Actual 2016 Closing Balance	Budget 2016 Opening Balance	Budget 2016 Transfer to	Budget 2016 Transfer (from)	Budget 2016 Closing Balance	Actual 2015 Opening Balance	Actual 2015 Transfer to	Actual 2015 Transfer (from)	Actual 2015 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave reserve	67,693	1,758	0	69,451	67,693	1,081	0	68,774	46,498	21,195	0	67,693
Plant reserve	902,262	113,424	(350,000)	665,686	902,262	104,404	(350,000)	656,666	734,208	200,582	(32,528)	902,262
Ongerup Effluent Area Promotion	112,640	12,924	0	125,564	112,640	11,798	0	124,438	100,188	12,452	0	112,640
Swimming Pool Upgrade	27,619	717	0	28,336	27,619	441	0	28,060	26,969	650	0	27,619
Land Development	34,535	896	0	35,431	34,535	551	0	35,086	33,722	813	0	34,535
Unspent Grants Reserve	610,332	8,952	0	619,284	610,332	9,744	(300,000)	320,076	370,545	239,787	0	610,332
Computer Replacement	0	0	0	0	0	0	0	0	21,062	43	(21,105)	0
Waste Disposal	7,291	189	0	7,480	7,291	116	0	7,407	31,623	668	(25,000)	7,291
Royalties for Regions Unspent Grant	163,464	58,755	0	222,219	163,464	48,880	0	212,344	159,618	3,846	0	163,464
Future Funds	1,138	29	0	1,167	1,138	18	0	1,156	1,111	27	0	1,138
	14,842	385	0	15,227	14,842	237	0	15,079	14,493	349	0	14,842
	<u>1,941,816</u>	<u>198,029</u>	<u>(350,000)</u>	<u>1,789,845</u>	<u>1,941,816</u>	<u>177,270</u>	<u>(650,000)</u>	<u>1,469,086</u>	<u>1,540,037</u>	<u>480,412</u>	<u>(78,633)</u>	<u>1,941,816</u>

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave reserve	Never	to be used to fund annual and long service leave requirements
Plant reserve	Never	to be used for the purchase of major plant
Ongerup Effluent Area Promotion	Never	to be used for the maintenance of the Ongerup Effluent System
Swimming Pool Upgrade	Never	to be used for the promotion of the Gnowangerup Shire
Land	Never	to be used to assist with upgrade of the Gnowangerup Swimming Pool
Computer	Never	to be used to fund the purchase of or development of land and buildings and building renewal
Waste Disposal	Never	to be used to fund the maintenance and replacement of the administration computer system
Royalties for Regions Unspent Grant	Never	to be used to fund waste disposal in the Shire, including rehabilitation, transfer stations and post closure of sites
Future Funds	30/06/2017	to be used to fund the maintenance and replacement of the administration computer system
	Never	to be used to fund the maintenance and replacement of the administration computer system
	Never	to be used to fund waste disposal in the Shire, including rehabilitation, transfer stations and post closure of sites
	30/06/2017	to be used to hold unspent Royalties funding.
	Never	to be used to fund waste disposal in the Shire, including rehabilitation, transfer stations and post closure of sites
	Never	to be used for contributions towards major externally grant funded projects and programs within the Shire of Gnowangerup.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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13. REVALUATION SURPLUS

	2016	2016	2016	2016	2016	2015	2015	2015	2015	2015
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	Decrement	Movement on	Balance	Balance	Increment	Decrement	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	14,868,286	0	0	0	14,868,286	14,868,286	0	0	0	14,868,286
Plant and equipment	296,081	206,996	0	206,996	503,077	296,081	0	0	0	296,081
Infrastructure - roads	70,265,613	0	0	0	70,265,613	0	70,265,613	0	70,265,613	70,265,613
Infrastructure - drainage	1,692,771	0	0	0	1,692,771	0	1,692,771	0	1,692,771	1,692,771
Infrastructure - parks and ovals	1,960,964	0	0	0	1,960,964	0	1,960,964	0	1,960,964	1,960,964
Infrastructure - Airports	20,843,917	0	0	0	20,843,917	0	20,843,917	0	20,843,917	20,843,917
Infrastructure - Sewer	492,893	0	0	0	492,893	0	492,893	0	492,893	492,893
	110,420,525	206,996	0	206,996	110,627,521	15,164,367	95,256,158	0	95,256,158	110,420,525

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>2,404,876</u>	<u>1,718,355</u>	<u>4,465,229</u>

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

Net result	(24,130)	769,665	2,299,793
Non-cash flows in Net result:			
Depreciation	2,571,267	1,506,295	1,547,096
(Profit)/Loss on sale of asset	68,518	0	331,426
Fair value adjustments to fixed assets			
at fair value through profit or loss	0	0	4,625
Loss on revaluation of fixed assets	16,543	0	79,805
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(454,169)	32,721	31,544
(Increase)/Decrease in inventories	7,675	0	(9,089)
Increase/(Decrease) in payables	(14,351)	(32,721)	39,247
Increase/(Decrease) in provisions	54,861	44,644	9,207
Grants contributions for the development of assets	(1,674,514)	(1,837,639)	(1,919,078)
Self Supporting Loan Principal repair			(51,331)
Net cash from operating activities	<u>551,700</u>	<u>482,965</u>	<u>2,363,245</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	(1,374)	(158)
Total amount of credit unused	<u>508,626</u>	<u>509,842</u>
Loan facilities		
Loan facilities - current	185,608	202,834
Loan facilities - non-current	1,125,813	1,311,421
Total facilities in use at balance date	<u>1,311,421</u>	<u>1,514,255</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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

15. CONTINGENT LIABILITIES

A claim for Native Title has been brought over a large area of land which falls within the Shire of Gnowangerup district. A settlement offer is currently being considered by the South West Land and Sea Council (which encompasses the land within the Shire of Gnowangerup). At this time it remains difficult to quantify the implications of this claim.

16. CAPITAL AND LEASING COMMITMENTS	2016	2015
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	11,830	11,830
- later than one year but not later than five years	11,831	23,661
- later than five years	0	0
	<u>23,661</u>	<u>35,491</u>

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	0	2,014,013
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	2,014,013

The capital expenditure project outstanding at the end of the 2015 reporting period represented the construction of a new swimming pool complex.

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016	2015
	\$	\$
General purpose funding	106,087	0
Law, order, public safety	1,825,609	1,830,701
Health	429,308	670,865
Education and welfare	266,367	272,291
Housing	2,166,526	1,200,402
Community amenities	2,107,194	2,490,375
Recreation and culture	23,379,421	19,502,757
Transport	123,304,970	120,163,927
Economic services	162,153	146,422
Other property and services	1,054,414	4,281,823
Unallocated	1,941,750	6,163,695
	<u>156,743,799</u>	<u>156,723,258</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2016	2015	2014
19. FINANCIAL RATIOS			
Current ratio	2.08	3.72	1.13
Asset sustainability ratio	1.59	1.19	1.31
Debt service cover ratio	3.48	7.39	3.78
Operating surplus ratio	(0.41)	0.10	(0.07)
Own source revenue coverage ratio	0.60	0.67	0.76

The above ratios are calculated as follows:

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

Notes:

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

- (a) For 2016, the Current, Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by the change to the payment of FAG's during the year end 30 June 2016, which saw the advance payment for the following year cease. This created a timing difference, which resulted in an amount of some \$648,897.
- (b) For 2015, the Current, Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by an item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) of \$648,897, which was received prior to year end.
- (c) For 2014, the Current, Debt Service Cover and Operating Surplus ratios as disclosed above were distorted by the change to the payment of FAG's during the year ended 30 June 2014 which saw the advance payment for the following year cease. This created a timing difference which resulted in an amount of some \$593,604.

Items (a), (b) and (c) mentioned above are considered to be "one-off" timing in nature and, if they are ignored, the calculations disclosed in the columns above would be as follows:

	2016	2015	2014
Current ratio	3.16	2.63	2.17
Debt service cover ratio	5.88	5.00	5.87
Operating surplus ratio	(0.25)	(0.07)	0.08

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

20. TRUST FUNDS

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

	1 July 2015	Amounts Received	Amounts Paid	30 June 2016
	\$	\$	(\$)	\$
Builders Registration Board	0	5,048	(5,048)	0
BCITF	0	2,483	(2,483)	0
Hall Hire Bonds	247	304	(250)	301
Agricultural Society	4,354	68	0	4,422
Early Morning Swimming Bonds	452	356	(450)	358
Gnp Townscape Committee	3,063	48	0	3,111
Gnp Airstrip Donation	1,243	19	0	1,262
Gnp & District Tourism Promotion	0	568	0	568
Housing Bonds	10,353	1,163	(907)	10,609
GESB Trust	339	5	0	344
Retention Bonds	31,912	0	(31,912)	0
Nomination Deposits	0	400	(400)	0
Unclaimed Rates	55	1	0	56
PA Hire Bond	0	508	0	508
Micro-Chip Deposits	0	322	(210)	112
	<u>52,018</u>			<u>21,650</u>

21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Buildings								
<u>Housing</u>								
Water Corporation Office	21,538	0	0	(21,538)	0	0	0	0
<u>Recreation and culture</u>								
Old Tennis Clubhouse	27,150	0	0	(27,150)	0	0	0	0
Old Tennis Storage Shed	5,631	0	0	(5,631)	0	0	0	0
Old Tennis Club Toilet Block	480	0	0	(480)	0	0	0	0
Plant and Equipment								
<u>Transport</u>								
Utility GN0028	12,600	11,364	0	(1,236)	7,000	7,000	0	0
Utility GN0048	10,150	11,364	1,214	0	7,000	7,000	0	0
Loader GN0011	46,000	20,954	0	(25,046)	20,000	20,000	0	0
Holden Caprice GN00	36,430	39,091	2,661	0	80,000	80,000	0	0
Fuel Tanker Trailer	1,284	0	0	(1,284)	0	0	0	0
Car Trailer	0	0	0	0	0	0	0	0
CAT 12H Grader GN005	80,028	90,000	9,972	0	90,000	90,000	0	0
Pool Vehicle GN002	0	0	0	0	8,000	8,000	0	0
	<u>241,291</u>	<u>172,773</u>	<u>13,847</u>	<u>(82,365)</u>	<u>212,000</u>	<u>212,000</u>	<u>0</u>	<u>0</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
L 277 - GROH Housing	566,249		71,163	71,163	495,086	495,086	22,232	23,043
Community amenities								
L 270 - Yongergnow	43,778		11,533	11,533	32,245	32,245	2,532	2,636
Recreation and culture								
L 267 - Borden Pavilion	49,674		23,995	23,996	25,679	25,678	2,610	3,021
L 273 - Gnp Community Centre	203,802		13,417	13,417	190,385	190,385	12,274	12,391
L 278 - Borden Pavilion	134,856		14,461	14,461	120,395	120,395	5,461	5,632
L 279 - Gnp Complex Synthetic Turf Swimming Pool	240,188	0	14,198	14,198	225,990	225,990	9,956	10,011
Other property and services								
	1,238,547	0	148,767	159,790	1,089,780	1,278,757	55,065	71,843
Self Supporting Loans								
Housing								
Loan 274 - Homes for the Aged	57,064		3,757	3,757	53,307	53,307	3,437	3,469
Recreation and culture								
L 272 - Gnp Bowling Club	25,994		25,994	25,994	0	0	1,224	1,229
L 275 - Gnp Sporting Complex	133,373		16,834	16,835	116,539	116,538	5,180	5,246
L 276 - Borden Pavilion	59,277		7,482	7,482	51,795	51,795	2,302	2,331
	275,708	0	54,067	54,068	221,641	221,640	12,143	12,275
	1,514,255	0	202,834	213,858	1,311,421	1,500,397	67,208	84,118

Self supporting loans were financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

**SHIRE OF GNOWANGERUP
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22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

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

(d) Overdraft

The Shire established an overdraft facility of \$500,000 with the National Australia Bank to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV - Residential	0.139212	326	2,609,435	363,265	(805)	0	362,460	363,263	0	0	363,263
GRV - Commercial	0.139212	35	409,031	56,942	36	0	56,978	56,942	0	0	56,942
GRV - Industrial	0.139212	20	191,692	26,686	1,496	0	28,182	26,686	0	0	26,686
GRV - Amelup Tourism	0.139212	4	130,780	18,206	0	0	18,206	18,206	0	0	18,206
Unimproved value valuations											
UV - Rural	0.010887	357	252,420,510	2,748,102	554	0	2,748,656	2,748,102	0	0	2,748,102
Sub-Total		742	255,761,448	3,213,201	1,281	0	3,214,482	3,213,199	0	0	3,213,199
Minimum payment	Minimum										
Gross rental value valuations											
GRV - Residential	687	79	128,519	54,273	0	0	54,273	54,273			54,273
GRV - Commercial	687	18	43,215	12,366	0	0	12,366	12,366			12,366
GRV - Industrial	687	9	20,086	6,183	0	0	6,183	6,183			6,183
GRV - Amelup Tourism	687	1	4,160	687	0	0	687	687			687
Unimproved value valuations											
UV - Rural	687	22	787,390	15,114	0	0	15,114	15,114			15,114
UV - Mining	687	5	80,532	3,435	328	0	3,763	3,435			3,435
Sub-Total		134	1,063,900	92,058	328	0	92,386	92,058	0	0	92,058
		876	256,825,350	3,305,259	1,609	0	3,306,868	3,305,257	0	0	3,305,257
Discounts/concessions (refer note 28)							(9,103)				(9,103)
Total amount raised from general rate							3,297,765				3,296,154
Specified Area Rate (refer note 25)							51,824				52,304
Waste Collection Rate (refer note xx)							133,599				132,200
Ex-gratia rates							8,289				(11,350)
Totals							3,491,477				3,469,308

SHIRE OF GNOWANGERUP
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FOR THE YEAR ENDED 30TH JUNE 2016

24. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>754,796</u>	<u>2,260,957</u>	<u>2,260,957</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	595,101	1,960,125	1,960,125
Restricted	1,809,775	2,505,104	2,505,104
Receivables			
Rates outstanding	160,215	149,152	149,152
Sundry debtors	441,142	17,555	17,555
GST receivable	64	60	60
Loans receivable - clubs/institutions	29,306	54,070	54,070
Accrued Interest on Self Supporting Loans	973	1,105	1,105
Inventories			
Fuel and materials	20,511	28,186	28,186
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(142,092)	(163,904)	(163,904)
Accrued interest on debentures	(9,876)	(11,592)	(11,592)
Accrued salaries and wages	(6,376)	(51,034)	(51,034)
ATO liabilities	(52,830)	11	11
Rates Received in Advance	(11,215)	(10,221)	(10,221)
Current portion of long term borrowings			
Secured by floating charge	(185,608)	(202,834)	(202,834)
Provisions			
Provision for annual and sick leave	(157,724)	(134,495)	(134,495)
Provision for long service leave	(103,027)	(87,279)	(87,279)
Unadjusted net current assets	<u>2,388,339</u>	<u>4,054,009</u>	<u>4,054,009</u>
Adjustments			
Less: Reserves - restricted cash	(1,789,845)	(1,941,816)	(1,941,816)
Less: Loans receivable - clubs/institutions	(29,306)	(54,070)	(54,070)
Add: Secured by floating charge	185,608	202,834	202,834
Adjusted net current assets - surplus/(deficit)	<u><u>754,796</u></u>	<u><u>2,260,957</u></u>	<u><u>2,260,957</u></u>

Difference

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

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

25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAF

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Back Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$	Budget Interim Rate Revenue \$
Gnp Sporting Complex	GRV	0.002957	2,606,679	7,720	50	0	7,770	7,709	0	0
Gnp Sporting Complex	UV	0.000127	112,826,500	14,317	2	0	14,319	14,317	0	0
Borden Pavilion	GRV	0.001983	259,154	518	0	0	518	528	0	0
Borden Pavilion	UV	0.000107	91,123,200	9,750	0	0	9,750	9,750	0	0
Ongerup Effluent	GRV	0.046560	429,555	19,467	0	0	19,467	20,000	0	0
				51,772	52	0	51,824	52,304	0	0

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs \$	Rate Set Aside to Reserve \$	Reserve Applied to Costs \$	Budget Rate Applied to Costs \$	Budget Rate Set Aside to Reserve \$	Budget Reserve Applied to Costs \$
Gnp Sporting Complex	Applied to all residents in the old Gnowangerup Townsite Ward and Gnowangerup Rural Ward to contribute towards the loan repayments (current and future) for the Gnowangerup Sporting Complex Facility.		7,709	0	0	7,709	0	0
Gnp Sporting Complex			14,317	0	0	14,317	0	0
Borden Pavilion	Applied to all residents in the old Borden Town and Borden Rural Ward to contribute towards the loan repayments for the Borden Pavilion Facility.		518	0	0	528	0	0
Borden Pavilion			9,750	0	0	9,750	0	0
Ongerup Effluent	Applied to all residents in the Ongerup townsite to contribute towards the maintenance of the Ongerup Effluent System and the renewal and replacement of		19,467	0	0	20,000	0	0
			51,761	0	0	52,304	0	0

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

26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

27. WASTE COLLECTION RATE - 2015/16 FINANCIAL YEAR

Waste Collection Rate	Basis of Valuation	Rate in \$	Minimum Rate \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$	Budget Interim Rate Revenue \$
Waste Collection Rate	GRV	0.000001	200	3,464,407	55,600	100	55,700	54,400	0	0
Waste Collection Rate	UV	0.000001	200	240,030,279	77,800	99	77,899	77,800	0	0
				<u>243,494,686</u>	<u>133,400</u>	<u>199</u>	<u>133,599</u>	<u>132,200</u>	<u>0</u>	<u>0</u>

The waste collection rate is imposed to assist Council meet some of the costs associated with managing waste within the Shire.

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

Waivers or Concessions

Rate of Fee and Charge to which the Waiver or Concession is Granted	Concession Type	Concession % or \$	Actual \$	Budget \$
A213	Concession	50%	2,715	2,715
A293	Concession	50%	4,561	4,561
A314	Concession	50%	742	742
A556	Concession	50%	1,086	1,086
			<u>9,103</u>	<u>9,103</u>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concessio
A213	50% concession on general rates only	To provide a lower general rates to properties within the Amelup Tourism Precinct to assist	Assist promote the tourist industry in the Amelup Tourism Precinct
A293	50% concession on general rates only	promote the tourist industry in the Amelup	
A314	50% concession on general rates only	Tourism Precinct	
A556	50% concession on general rates only		

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	23-Sep-15	0	0.00%	11.00%
Option Two				
First Instalment	23-Sep-15	0	0.00%	11.00%
Second Instalment	23-Nov-15	10	5.50%	11.00%
Third Instalment	23-Jan-16	10	5.50%	11.00%
Fourth Instalment	23-Mar-16	10	5.50%	11.00%
			Budgeted Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			18,506	13,000
Interest on instalment plan			12,435	11,000
Charges on instalment plan			4,920	4,500
Interest on Deferred Rates			2,010	860
			37,871	29,360

SHIRE OF GNOWANGERUP
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FOR THE YEAR ENDED 30TH JUNE 2016

30. FEES & CHARGES	2016	2015
	\$	\$
Governance	4,616	1,063
General purpose funding	17,440	13,690
Law, order, public safety	6,060	4,225
Education and welfare	12,979	13,566
Housing	83,254	84,271
Community amenities	120,965	123,703
Recreation and culture	18,276	16,650
Transport	101	100
Economic services	19,917	16,812
Other property and services	43,986	43,387
	<u>327,594</u>	<u>317,467</u>

Two new fees were added to the Schedule of Fees and Charges during the reporting period. The first related to the imposition of a fee of \$0.08 per litre for receiving septic waste from outside the Shire district. The second related to the inclusion of cat registration fees imposed under state legislation.

31. 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	25,000
General purpose funding	617,215	1,904,845
Law, order, public safety	105,833	62,135
Recreation and culture	59,554	134,449
Transport	141,375	123,301
Other property and services	1,000	0
	<u>924,977</u>	<u>2,249,730</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	931,764
Recreation and culture	725,000	537,761
Transport	949,514	449,553
	<u>1,674,514</u>	<u>1,919,078</u>
	<u>2,599,491</u>	<u>4,168,808</u>

32. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

23.5	23.0
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33. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	72,000	80,000	72,000
President's allowance	15,000	15,000	15,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	4,995	6,500	2,898
Telecommunications allowance	5,940	5,940	5,940
	<u>100,935</u>	<u>110,440</u>	<u>98,838</u>

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

34. MAJOR LAND TRANSACTIONS

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

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

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

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,404,876	4,465,229	2,404,876	4,465,229
Investments	6,186	6,186	71,554	71,554
Receivables	930,122	530,022	930,122	530,022
	<u>3,341,184</u>	<u>5,001,437</u>	<u>3,406,552</u>	<u>5,066,805</u>
Financial liabilities				
Payables	222,389	236,740	222,389	236,740
Borrowings	1,311,421	1,514,255	1,435,107	1,614,999
	<u>1,533,810</u>	<u>1,750,995</u>	<u>1,657,496</u>	<u>1,851,739</u>

Fair value is determined as follows:

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

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

36. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

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

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

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

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

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	24,049	44,652
- Statement of Comprehensive Income	24,049	44,652

Notes:

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

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

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

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	99%	92%
- Overdue	1%	8%

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	222,389	0	0	222,389	222,389
Borrowings	245,589	838,866	503,641	1,588,096	1,311,421
	<u>467,978</u>	<u>838,866</u>	<u>503,641</u>	<u>1,810,485</u>	<u>1,533,810</u>
<u>2015</u>					
Payables	236,740	0	0	236,740	236,740
Borrowings	272,927	880,055	708,048	1,861,030	1,514,255
	<u>509,667</u>	<u>880,055</u>	<u>708,048</u>	<u>2,097,770</u>	<u>1,750,995</u>

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

36. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	25,679	0	32,244	0	0	1,253,498	1,311,421	4.67%
Weighted average Effective interest rate	6.80%	0.00%	6.34%	0.00%	0.00%	4.58%		
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	25,994	49,674	0	43,776	0	1,394,811	1,514,255	4.02%
Weighted average Effective interest rate	6.27%	6.90%	0.00%	6.44%	0.00%	4.52%		



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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Gnowangerup, 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 Gnowangerup

- i. gives a true and fair view of the Shire of Gnowangerup'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 of any other written law noted during the course of our audit.
- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE

Partner

Bunbury, Western Australia

Dated this 14th day of November 2016

**SHIRE OF GNOWANGERUP
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	0.86	0.87	0.69
Asset renewal funding ratio	0.81	0.65	*

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

*** - The Shire are unable to provide an Asset Renewal Funding Ratio for 2014 as the information required was not available.**