



**AGENDA FOR THE
ORDINARY COUNCIL MEETING
TO BE HELD ON**

Wednesday 21 December 2016

SHIRE OF MINGENEW



Shire of Mingenew

Ordinary Council Meeting Notice Paper

21 December 2016

Madam President and Councillors,

An ordinary meeting of Council is called for Wednesday, 21 December 2016, in the Council Chambers, Victoria Street, Mingenew, commencing at 4.30 pm.

Martin Whitely
Chief Executive Officer

16 December 2016

MINGENEW SHIRE COUNCIL

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Mingenew Shire Council for any act, omission or statement or intimation occurring during Council/Committee meetings or during formal/informal conversations with staff. The Mingenew Shire Council disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement occurring during Council/Committee meetings or discussions. Any person or legal entity that acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of Mingenew Shire Council during the course of any meeting is not intended to be and is not taken as notice of approval from the Mingenew Shire Council. The Mingenew Shire Council warns that anyone who has an application lodged with the Mingenew Shire Council must obtain and only should rely on **WRITTEN CONFIRMATION** of the outcome of the application, and any conditions attaching to the decision made by the Mingenew Shire Council in respect of the application.

CHIEF EXECUTIVE OFFICER
16 DECEMBER 2016



SHIRE OF MINGENEW
WRITTEN DECLARATION OF INTEREST IN MATTER BEFORE COUNCIL

Chief Executive Officer
Shire of Mingenew
PO Box 120
MINGENEW WA 6522

Dear Sir/Madam,

Re: Written Declaration of Interest in Matter before Council

I, (1) _____ wish to declare an interest in the following item to be considered by Council at its meeting to be held on

(2) _____

Agenda Item (3) _____

The type of interest I wish to declare is (4)

- Financial pursuant to Section 5.60A of the Local Government Act 1995
 Proximity pursuant to Section to 5.60B of the Local Government Act 1995
 Indirect Financial pursuant to Section 5.61 of the Local Government Act 1995
 Impartiality pursuant to regulation 11 of the Local Government (Rule of Conduct) Regulations 2007

The nature of my interest is (5)

The extent of my interest is (6)

I understand that the above information will be recorded in the minutes of the meeting and recorded in the Financial Interest Register.

Yours faithfully,

Signed

Date

1. Insert Name
2. Insert the date of the Council Meeting at which the item is to be considered.
3. Insert the Agenda Item Number and Title.
4. Tick box to indicate type of interest.
5. Describe the nature of your interest.
6. Describe the extent of your interest (if seeking to participate in the matter under S. 5.68 of the Act).

Table of Contents

| | | |
|-------|--|----|
| 1.0 | DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS | 6 |
| 2.0 | RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE | 6 |
| 3.0 | RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE | 6 |
| 4.0 | PUBLIC QUESTION TIME/PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS | 6 |
| 5.0 | APPLICATIONS FOR LEAVE OF ABSENCE | 6 |
| 6.0 | DECLARATIONS OF INTEREST | 6 |
| 7.0 | CONFIRMATION OF PREVIOUS MEETING MINUTES | 6 |
| 7.1.1 | ORDINARY MEETING HELD 16 November 2016..... | 6 |
| 7.1.2 | EXECUTIVE MANAGEMENT COMMITTEE MEETING HELD 25 November 2016..... | 6 |
| 8.0 | ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION | 6 |
| 9.0 | OFFICERS REPORTS | 6 |
| 9.1 | CHIEF EXECUTIVE OFFICER..... | 7 |
| 9.1.1 | COMMON SEAL..... | 7 |
| 9.1.2 | REVIEW OF RISK MANAGEMENT GOVERNANCE FRAMEWORK | 10 |
| 9.1.3 | REVIEW OF INTERNAL CONTROLS..... | 12 |
| 9.1.4 | RAV NETWORK – MIDLANDS ROAD | 14 |
| 9.2 | FINANCE | 16 |
| 9.2.1 | FINANCIAL STATEMENTS FOR PERIOD ENDING 30 November 2016..... | 16 |
| 9.2.2 | ACCOUNTS FOR PAYMENT – MONTH ENDING 30 November 2016..... | 19 |
| 9.2.3 | 2015/16 ANNUAL REPORT | 21 |
| 9.2.4 | ANNUAL ELECTORS MEETING..... | 23 |
| 9.3 | ADMINISTRATION..... | 25 |
| 9.3.1 | COUNCIL MEETING DATES FOR 2017 | 25 |
| 9.3.2 | FREEDOM OF INFORMATION ACT 1992 – INFORMATION STATEMENT..... | 27 |
| 9.4 | TOWN PLANNING | 29 |
| | Nil | 29 |
| 10.0 | ELECTED MEMBERS/MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN | 29 |
| 11.0 | NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING | 29 |
| 11.1 | ELECTED MEMBERS..... | 29 |
| 11.2 | STAFF..... | 29 |
| 12.0 | CONFIDENTIAL ITEMS..... | 29 |
| 12.1 | RANGER & EMERGENCY SERVICES..... | 29 |
| 13.0 | TIME AND DATE OF NEXT MEETING | 29 |
| 14.0 | CLOSURE..... | 29 |

SHIRE OF MINGENEW

AGENDA FOR ORDINARY MEETING OF COUNCIL TO BE HELD IN COUNCIL CHAMBERS ON 21 December 2016 COMMENCING AT 4.30pm

- 1.0 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**
- 2.0 RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE**
- 3.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**
- 4.0 PUBLIC QUESTION TIME/PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS**
- 5.0 APPLICATIONS FOR LEAVE OF ABSENCE**
- 6.0 DECLARATIONS OF INTEREST**
- 7.0 CONFIRMATION OF PREVIOUS MEETING MINUTES**
 - 7.1.1 ORDINARY MEETING HELD 16 November 2016
 - 7.1.2 EXECUTIVE MANAGEMENT COMMITTEE MEETING HELD 25 November 2016
- 8.0 ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION**
- 9.0 OFFICERS REPORTS**

9.1 CHIEF EXECUTIVE OFFICER

9.1.1 COMMON SEAL

Location/Address: Shire of Mingenew
Name of Applicant: Shire of Mingenew
Disclosure of Interest: Nil
File Reference: ADM0396
Date: 7 December 2016
Author: Martin Whitely, Chief Executive Officer

Summary

This report seeks Council endorsement to use the common seal for the transfer of land of Lot 184 Oliver Street and the sale of land at Lot 4 Eleanor Street.

Attachment

Nil

Background

There is currently a property that has rates outstanding by three or more years for which it has not been possible to enter into an acceptable and successful arrangement for the payment of the balance owing. In October 2012 Council resolved to sell by public auction this property, and recover from the proceeds of sale the outstanding balance. The auction was held on 15 February 2014, however there were no bids, and the property was passed in. Subsequently the property was listed with Ray White Dongara. In November 2015 contact was made with the owners' mother who holds Enduring Powering of Attorney for the owner. She advised there is no capacity to pay the debt and has requested that the property be transferred to the shire in settlement of the outstanding rates and charges. At the February 2016 Ordinary Meeting Council in relation to a property that resolved as follows;

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.1.1 |
|--|

1. That Council pursuant to Section 6.64 of the Local Government Act 1995, proceed to make application for the property, Assessment 353, which has rates in arrears for 3 or more years, to be transferred to the local government, and
2. That, once the property has been transferred to the Shire of Mingenew, Council pursuant to Section 6.12(1)(c) of the Local Government Act 1995, write off all outstanding rates and charges on Assessment 353.

The paperwork for the transfer of land has now been completed and the common seal is required for the document to be executed.

At the November 2016 Ordinary Council Meeting in relation to the sale of land at Lot 4 Ernest Street Council resolved as follows;

COUNCIL DECISION – ITEM 12.1

Moved Cr Cosgrove

Seconded Cr Criddle

That:

- 1. Council accept the offer from Paul Starick Transport of \$15,000 for the sale of Lot 4 Ernest Street, Mingenew, and**
- 2. The proceeds from the sale are allocated to the Land & Building Reserve for the purchase or future industrial land that become available and/or uses the proceeds to develop Lot 303 Eleanor Street at some stage in the future.**

CARRIED 5/0

As such the paperwork for the transfer of land has now been completed and the common seal is required for the document to be executed.

Comment

Section 9.49A of the Local Government Act 1995 requires a document to be executed which contains the common seal to be signed by the President and Chief Executive Officer (or other Senior Employee of which there are none) and to be approved by Council to do so.

Consultation

Nil

Statutory Environment

Section 9.49A of the Local Government Act 1995 states;

9.49A. Execution of documents

- (1) A document is duly executed by a local government if —
 - (a) the common seal of the local government is affixed to it in accordance with subsections (2) and (3); or
 - (b) it is signed on behalf of the local government by a person or persons authorised under subsection (4) to do so.
- (2) The common seal of a local government is not to be affixed to any document except as authorised by the local government.
- (3) The common seal of the local government is to be affixed to a document in the presence of —
 - (a) the mayor or president; and
 - (b) the chief executive officer or a senior employee authorised by the chief executive officer,each of whom is to sign the document to attest that the common seal was so affixed.
- (4) A local government may, by resolution, authorise the chief executive officer, another employee or an agent of the local government to sign documents on behalf of the local government, either generally or subject to conditions or restrictions specified in the authorisation.
- (5) A document executed by a person under an authority under subsection (4) is not to be regarded as a deed unless the person executes it as a deed and is permitted to do so by the authorisation.

MINGENEW SHIRE COUNCIL ORDINARY MEETING AGENDA – 21 December 2016

- (6) A document purporting to be executed in accordance with this section is to be presumed to be duly executed unless the contrary is shown.
- (7) When a document is produced bearing a seal purporting to be the common seal of the local government, it is to be presumed that the seal is the common seal of the local government unless the contrary is shown.

[Section 9.49A inserted by No. 17 of 2009 s. 43.]

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Community Strategic Plan

Outcome 4.5.1 - Ensure compliance with local, town planning, building and health and all other relevant legislation.

Voting Requirements

Simple Majority

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.1.1 |
|--|

That Council endorse the common seal to be affixed to the following documents;

- 1. The transfer of land of Assessment 353 to the Shire of Mingenew, and**
- 2. The sale of land of Lot 4 Ernest Street, Mingenew to Paul Starick Transport**

9.1.2 REVIEW OF RISK MANAGEMENT GOVERNANCE FRAMEWORK

Location/Address: Shire of Mingenew
Name of Applicant: Shire of Mingenew
Disclosure of Interest: Nil
File Reference: ADM0362
Date: 16 December 2016
Author: Martin Whitely, Chief Executive Officer

Summary

This report recommends that the Audit Committee notes and accepts the review of the Shire's Risk Management Governance Framework which incorporates the Risk Management Policy and Risk Management Procedure and recommends adoption of these by Council.

Attachment

- Risk Management Policy
- Risk Management Procedure

Background

The Local Government Audit Regulations 1996 have extended the functions of local government Audit Committees. These functions now include reviewing the Chief Executive Officer's report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance; and reporting the results of the Committee's consideration of that review to the Council.

LGIS Risk Management was engaged to assist in the initial preparation of a Risk Management Governance Framework, Risk Management Policy and Risk Management Procedure. These documents are attached to this report. The documents have been reviewed by the CEO.

The review is required to be carried out on a biennial basis with the deadline for this review being December 2016. The regulation requires that the Audit Committee considers the review prior to consideration by Council.

Comment

The attached Risk Management Policy and Risk Management Procedure have been developed and include a list of identified risks. In the Framework, these identified risks are analysed and the level of risk is determined by the relationship between the likelihood (frequency and probability) and the consequence (impact or magnitude of effect) of the risk occurring.

Local governments are now required to incorporate risk management processes and reviews as part of its operational activities.

Consultation

Nita Jane, Deputy Chief Executive Officer

Statutory Environment

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

Policy Implications

Risk Management Policy

Financial Implications

Nil

Strategic Implications

Community Strategic Plan

Outcome 4.2 - An open and accountable local government that is respected, professional and trustworthy

Outcome 4.5 - Achieve a high level of compliance

Outcome 4.5.1 – Ensure compliance with local, town planning, building and health and all other relevant legislation.

Voting Requirements

Simple Majority

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.1.2 |
|--|

That the Audit Committee:

1. **Notes and accepts the review of the Shire's Risk Management Governance Framework comprised of the:**
 - **Risk Management Policy and**
 - **Risk Management Procedure,**
2. **And recommends adoption of these by Council.**

Risk Management Policy

Purpose

The Shire of Mingenew (“the Shire”) Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire’s strategies, goals or objectives.

Policy

It is the Shire’s Policy to achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Shire’s Integrated Planning Framework.

The Shire’s Management Team will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as, direct and monitor implementation, practice and performance.

Every employee within the Shire is recognised as having a role in risk management from the identification of risks to implementing risk treatments and shall be invited and encouraged to participate in the process.

Consultants may be retained at times to advise and assist in the risk management process, or management of specific risks or categories of risk.

Definitions (from AS/NZS ISO 31000:2009)

Risk: Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Risk Management Objectives

- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations

Risk Appetite

The Shire quantified its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this policy.

All organisational risks to be reported at a corporate level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.

Roles, Responsibilities & Accountabilities

The CEO is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

Monitor & Review

The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

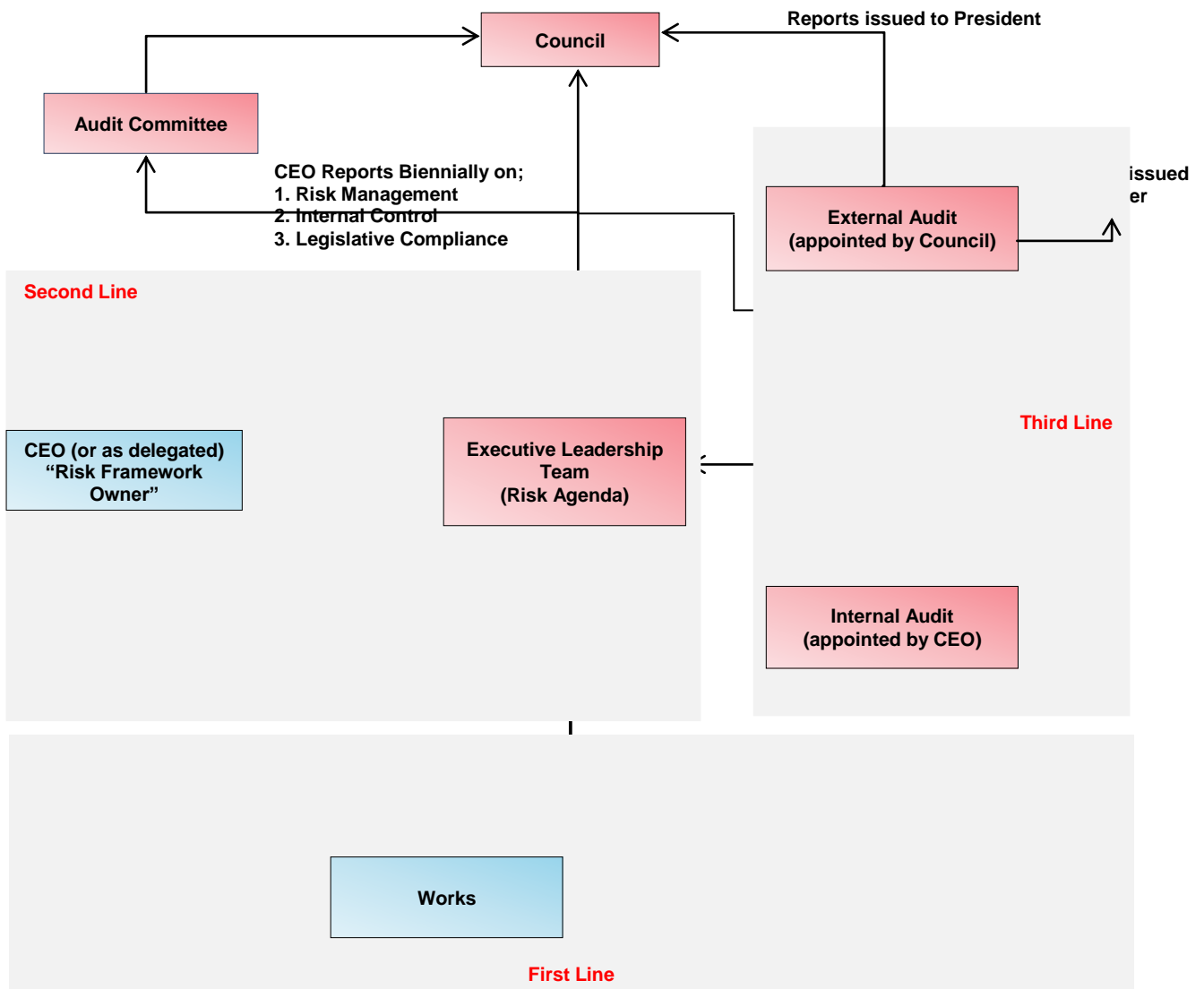
This policy will be kept under review by the Shire's Management Team and its employees. It will be formally reviewed within a three year cycle.

Internal Audit – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Audit Committee.

External Audit – Appointed by the Council on the recommendation of the Audit Committee to report independently to the President and CEO on the annual financial statements only.

Governance Structure

The following diagram depicts the current operating structure for risk management within the Shire.



Roles & Responsibilities

Council

- Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Appoint / Engage External Auditors to report on financial statements annually.
- Establish and maintain an Audit Committee in terms of the Local Government Act.

Audit Committee

- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Must be independent, objective and autonomous in deliberations.
- Make recommendations to Council on External Auditor appointments.

CEO / Management Team (in capacity as 'Risk Committee')

- Appoint Internal Auditors as required under Local Government (Audit) regulations.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of the Risk Management Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues and trends.
- Document decisions and actions arising from 'risk matters'.
- Own and manage the Risk Profiles at Shire Level.

CEO (or as delegated) – Risk Framework Owner

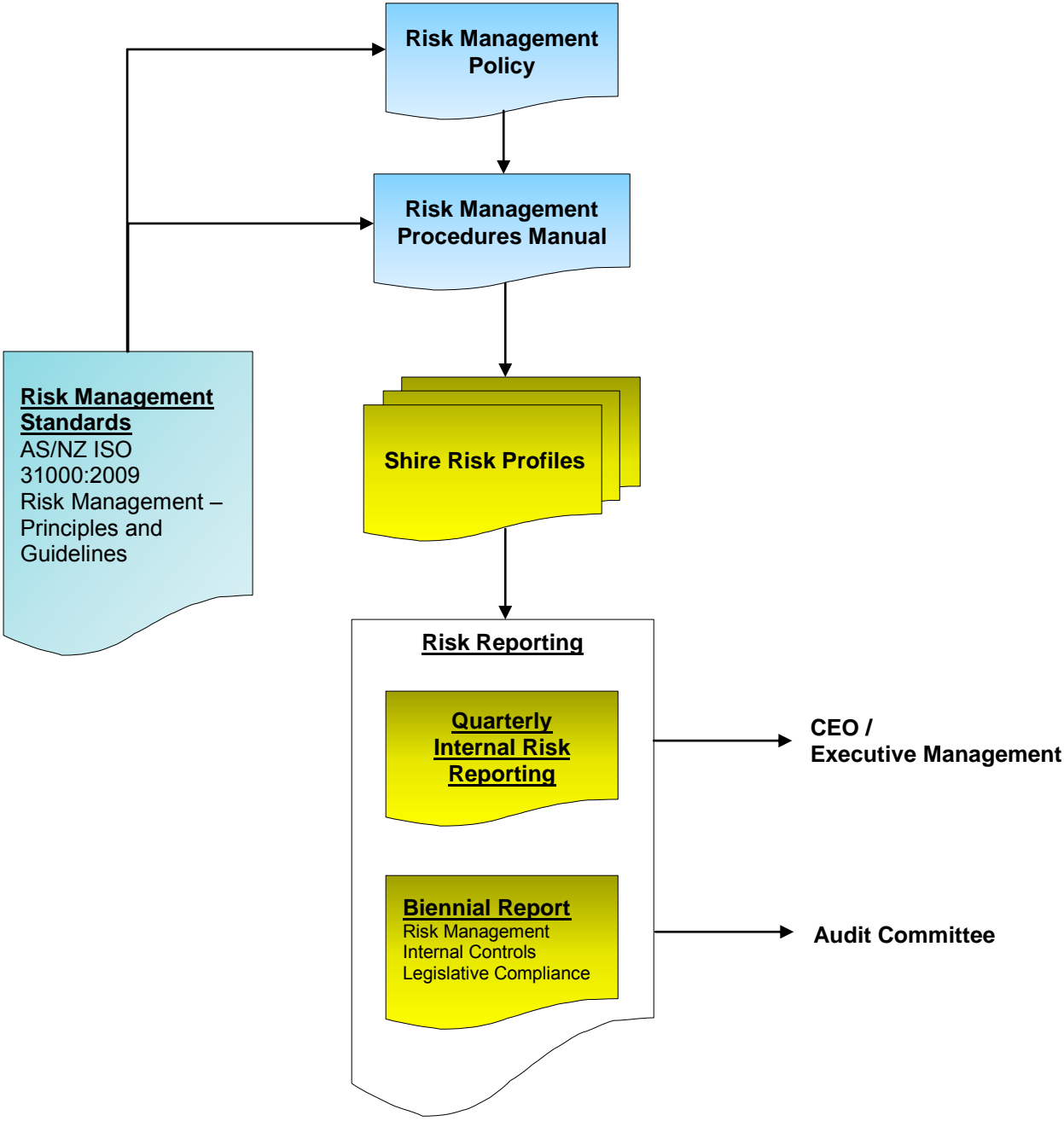
- Oversee and facilitate the Risk Management Framework.
- Support reporting requirements for Risk matters.

Work Areas

- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required.
- Assist in the Risk & Control Management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate 'Risk Management' into Management Meetings, by incorporating the following agenda items;
 - New or emerging risks.
 - Review existing risks.
 - Control adequacy.
 - Outstanding issues and actions.

Document Structure (Framework)

The following diagram depicts the relationship between the Risk Management Policy, Procedures and supporting documentation and reports.



Risk & Control Management

All Work Areas of the Shire are required to assess and manage the Risk Profiles on an ongoing basis.

Each Manager, in conjunction with the CEO (or as delegated) are accountable for ensuring that Risk Profiles are:

- Reflective of the material risk landscape of the Shire.
- Reviewed on at least a six monthly basis, unless there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported by the use of key data inputs, workshops and ongoing business engagement.

Risk & Control Assessment

To ensure alignment with ISO 31000:2009 Risk Management, the following approach is to be adopted from a Risk & Control Assessment perspective.

Establishing the Context

The first step in the risk management process is to understand the context within which the risks are to be assessed and what is being assessed, this forms two elements:

Organisational Context

The Shire's Risk Management Procedures provides the basic information and guidance regarding the organisational context to conduct a risk assessment; this includes Risk Assessment and Acceptance Criteria (Appendix A) and any other tolerance tables as developed. In addition, existing Risk Themes are to be utilised (Appendix C) where possible to assist in the categorisation of related risks.

Any changes or additions to the Risk Themes must be approved by the CEO (or as delegated).

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within planning and decision making processes.

Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process. For risk assessment purposes the Shire has been divided into three levels of risk assessment context:

Strategic Context

The Shire's external environment and high level direction. Inputs to establishing the strategic risk assessment context may include;

- Organisations Vision / Mission
- Stakeholder Analysis
- Environment Scan / SWOT Analysis
- Existing Strategies / Objectives / Goals

Operational Context

The Shire's day to day activities, functions, infrastructure and services. Prior to identifying operational risks, the operational area should identify its Key Activities i.e. what is trying to be achieved. Note: these may already be documented in business plans, budgets etc.

Project Context

Project Risk has two main components:

- **Risk in Projects** refers to the risks that may arise as a result of project activity (i.e. impacting on process, resources or IT systems) which may prevent the Shire from meeting its objectives
- **Project Risk** refers to the risks which threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

Risk Identification

Using the specific risk assessment context as the foundation and in conjunction with relevant stakeholders, answer the following questions, capture and review the information within each Risk Profile.

- What can go wrong? / What are areas of uncertainty? (Risk Description)
- How may this risk eventuate? (Potential Causes)
- What are the current measurable activities that mitigate this risk from eventuating? (Controls)
- What are the potential consequential outcomes of the risk eventuating?

Risk Analysis

To analyse the risks the Shire's Risk Assessment and Acceptance Criteria (Appendix A) is applied:

- Based on the documented controls, analyse the risk in terms of Existing Control Ratings
- Determine relevant consequence categories and rate how bad it could be if the risk eventuated with existing controls in place (Consequence)
- Determine how likely it is that the risk will eventuate to the determined level of consequence with existing controls in place (Likelihood)
- By combining the measures of consequence and likelihood, determine the risk rating (Level of Risk)

Risk Evaluation

The Shire is to verify the risk analysis and make a risk acceptance decision based on:

- Controls Assurance (i.e. are the existing controls in use, effective, documented, up to date and relevant)
- Existing Control Rating
- Level of Risk
- Risk Acceptance Criteria (Appendix A)
- Risk versus Reward / Opportunity

The risk acceptance decision needs to be documented and those risks that are acceptable are then subject to the monitor and review process.

Note: Individual Risks or Issues may need to be escalated due to its urgency, level of risk or systemic nature.

Risk Treatment

For unacceptable risks, determine treatment options that may improve existing controls and/or reduce consequence / likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk with the treatment selection and implementation to be based on;

- Cost versus benefit
- Ease of implementation

- Alignment to organisational values / objectives

Once a treatment has been fully implemented, the CEO (or as delegated) is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become subject to the monitor and review process (Refer to Risk Acceptance section).

Monitoring & Review

The Shire is to review all Risk Profiles at least on an annual basis or if triggered by one of the following;

- changes to context,
- a treatment is implemented,
- an incident occurs or due to audit/regulator findings.

The CEO (or as delegated) is to monitor the status of risk treatment implementation and report on, if required.

The CEO & Management Team (in capacity as 'Risk Committee) will monitor significant risks and treatment implementation as part of their normal agenda item on a quarterly basis with specific attention given to risks that meet any of the following criteria:

- Risks with a Level of Risk of High or Extreme
- Risks with Inadequate Existing Control Rating
- Risks with Consequence Rating of Catastrophic
- Risks with Likelihood Rating of Almost Certain

The design and focus of Risk Summary report will be determined from time to time on the direction of the CEO & Management Team. They will also monitor the effectiveness of the Risk Management Framework ensuring it is practical and appropriate to the Shire.

Communication & Consultation

Throughout the risk management process, stakeholders will be identified, and where relevant, be involved in or informed of outputs from the risk management process.

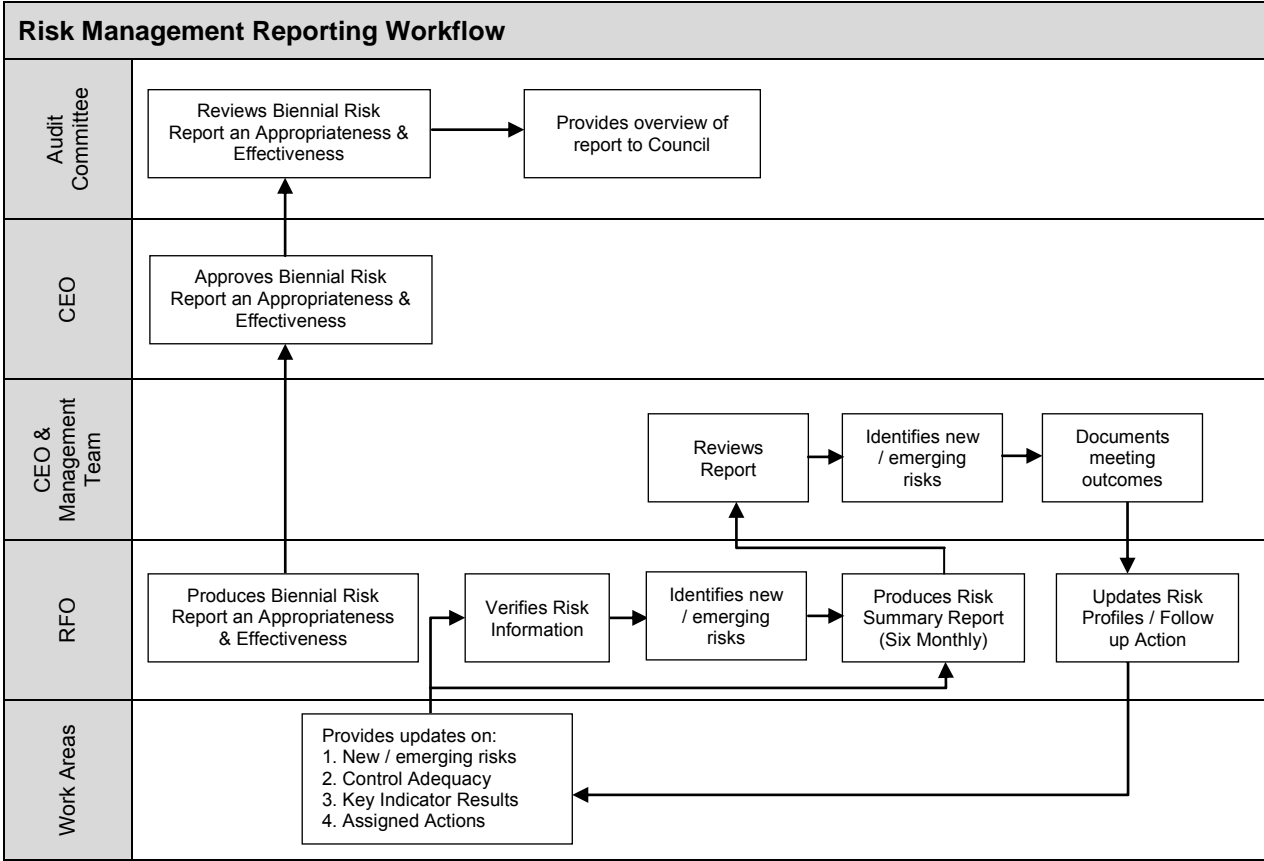
Risk management awareness and training will be provided to all staff.

Risk management will be included within the employee induction process to ensure new employees are introduced to the Shire's risk management culture.

Reporting Requirements

Coverage & Frequency

The following diagram provides a high level view of the ongoing reporting process for Risk Management.



Each Work Area is responsible for ensuring:

- They continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the CEO (or as delegated).
- Work through assigned actions and provide relevant updates to the CEO (or as delegated).
- Risks / Issues reported to the CEO & Management Team are reflective of the current risk and control environment.

The CEO (or as delegated) is responsible for:

- Ensuring Shire Risk Profiles are formally reviewed and updated, at least on a six monthly basis or when there has been a material restructure, change in risk ownership or change in the external environment.
- Quarterly Risk Reporting for the CEO & Management Team – Contains an overview of the Risk Summary for the Shire.
- Annual Compliance Audit Return completion and lodgement.

Key Indicators

Key Indicators (KI's) may be used for monitoring and validating key risks and controls. The following describes the process for the creation and reporting of KIs:

- Identification
- Validity of Source
- Tolerances
- Monitor & Review

Identification

The following represent the minimum standards when identifying appropriate KI's key risks and controls:

- The risk description and casual factors are fully understood
- The KI is fully relevant to the risk or control
- Predictive KI's are adopted wherever possible
- KI's provide adequate coverage over monitoring key risks and controls

Validity of Source

In all cases an assessment of the data quality, integrity and frequency must be completed to ensure that the KI data is relevant to the risk or Control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping KI's can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the KI, the data is required to be revalidated to ensure reporting of the KI against a consistent baseline.

Tolerances

Tolerances are set based on the Shire's Risk Appetite. They are set and agreed over three levels:

- Green – within appetite; no action required.
- Amber – the KI must be closely monitored and relevant actions set and implemented to bring the measure back within the green tolerance.
- Red – outside risk appetite; the KI must be escalated to the CEO & Management Team where appropriate management actions are to be set and implemented to bring the measure back within appetite.

Monitor & Review

All active KI's are updated as per their stated frequency of the data source.

When monitoring and reviewing KI's, the overall trend must be considered over a longer timeframe instead of individual data movements. The trend of the KI is specifically used as an input to the risk and control assessment.

Risk Acceptance

Day to day operational management decisions are generally managed under the delegated authority framework of the Shire.

Risk Acceptance is a management decision to accept, within authority levels, material risks which will remain outside appetite framework (refer Appendix A – Risk Assessment & Acceptance Criteria) for an extended period of time (generally 3 months or longer).

The following process is designed to provide a framework for those identified risks.

The 'Risk Acceptance' must be in writing, signed by the relevant Manager and cover:

- A description of the risk.
- An assessment of the risk (eg. Impact consequence, materiality, likelihood, working assumptions etc)
- Details of any mitigating action plans or treatment options in place
- An estimate of the expected remediation date.

A lack of budget / funding to remediate a material risk outside appetite is not sufficient justification in itself to accept a risk.

Accepted risks must be continually reviewed through standard operating reporting structure (ie. Management Team)

Annual Control Assurance Plan

The annual assurance plan is a monitoring schedule prepared by the CEO (or as delegated) that sets out the control assurance activities to be conducted over the next 12 months. This plan needs to consider the following components.

- Existing control adequacy ratings across the Shire's Risk Profiles.
- Consider control coverage across a range of risk themes (where commonality exists).
- Building profiles around material controls to assist in design and operating effectiveness reviews.
- Consideration to significant incidents.
- Nature of operations
- Additional or existing 2nd line assurance information / reviews (eg. HR, Financial Services, IT)
- Frequency of monitoring / checks being performed
- Review and development of Key Indicators
- Timetable for assurance activities
- Reporting requirements

Whilst this document and subsequent actions are owned by the CEO (or as delegated) input and consultation will be sought from individual Directorates.

Appendix A – Risk Assessment and Acceptance Criteria

| Measures of Consequence | | | | | | | |
|--------------------------|--------------------------------|----------------------|---|--|---|--|---|
| Rating (Level) | Health | Financial Impact | Service Interruption | Compliance | Reputational | Property | Environment |
| Insignificant (1) | Negligible injuries | Less than \$1,000 | No material service interruption | No noticeable regulatory or statutory impact | Unsubstantiated, low impact, low profile or 'no news' item | Inconsequential or no damage. | Contained, reversible impact managed by on site response |
| Minor (2) | First aid injuries | \$1,001 - \$10,000 | Short term temporary interruption – backlog cleared < 1 day | Some temporary non compliances | Substantiated, low impact, low news item | Localised damage rectified by routine internal procedures | Contained, reversible impact managed by internal response |
| Moderate (3) | Medical type injuries | \$10,001 - \$50,000 | Medium term temporary interruption – backlog cleared by additional resources < 1 week | Short term non-compliance but with significant regulatory requirements imposed | Substantiated, public embarrassment, moderate impact, moderate news profile | Localised damage requiring external resources to rectify | Contained, reversible impact managed by external agencies |
| Major (4) | Lost time injury | \$50,001 - \$500,000 | Prolonged interruption of services – additional resources; performance affected < 1 month | Non-compliance results in termination of services or imposed penalties | Substantiated, public embarrassment, high impact, high news profile, third party actions | Significant damage requiring internal & external resources to rectify | Uncontained, reversible impact managed by a coordinated response from external agencies |
| Catastrophic (5) | Fatality, permanent disability | More than \$500,000 | Indeterminate prolonged interruption of services – non-performance > 1 month | Non-compliance results in litigation, criminal charges or significant damages or penalties | Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions | Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building | Uncontained, irreversible impact |

| Measures of Likelihood | | | |
|------------------------|----------------|---|----------------------------|
| Level | Rating | Description | Frequency |
| 5 | Almost Certain | The event is expected to occur in most circumstances | More than once per year |
| 4 | Likely | The event will probably occur in most circumstances | At least once per year |
| 3 | Possible | The event should occur at some time | At least once in 3 years |
| 2 | Unlikely | The event could occur at some time | At least once in 10 years |
| 1 | Rare | The event may only occur in exceptional circumstances | Less than once in 15 years |

| Risk Matrix | | | | | | |
|---------------------------|---|---------------|--------------|--------------|--------------|--------------|
| Consequence Likelihood | | Insignificant | Minor | Moderate | Major | Catastrophic |
| | | 1 | 2 | 3 | 4 | 5 |
| Almost Certain | 5 | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| Likely | 4 | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible | 3 | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely | 2 | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare | 1 | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

| Risk Acceptance Criteria | | | |
|--------------------------|---------------------------|--|---------------------|
| Risk Rank | Description | Criteria | Responsibility |
| LOW | Acceptable | Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring | Operational Manager |
| MODERATE | Monitor | Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring | Operational Manager |
| HIGH | Urgent Attention Required | Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring | Director / CEO |
| EXTREME | Unacceptable | Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring | CEO / Council |

| Existing Controls Ratings | | |
|---------------------------|---|--|
| Rating | Foreseeable | Description |
| Effective | There is <u>little</u> scope for improvement. | <ol style="list-style-type: none"> Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly. |
| Adequate | There is <u>some</u> scope for improvement. | <ol style="list-style-type: none"> Processes (Controls) generally operating as intended, however inadequacies exist. Nil or limited monitoring. Reviewed and tested, but not regularly. |
| Inadequate | There is a <u>need</u> for improvement or action. | <ol style="list-style-type: none"> Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time. |

Appendix B – Risk Profile Template

| Risk Theme | Date | | |
|---|------------------|---------------------|-----------------------------|
| <p><u>This Risk Theme is defined as:</u> <i>Definition of Theme</i></p> | | | |
| <p><u>Potential causes include:</u> <i>List of potential causes</i></p> | | | |
| Key Controls | Type | Date | Shire Rating |
| <i>List of Key Controls</i> | | | |
| | | | |
| | | | |
| Overall Control Ratings: | | | |
| Risk Ratings | | Shire Rating | |
| Consequence: | | | |
| Likelihood: | | | |
| Overall Risk Ratings: | | | |
| Key Indicators | Tolerance | Date | Overall Shire Result |
| <i>List of Key Indicators</i> | | | |
| | | | |
| <p><u>Comments</u> <i>Rationale for all above ratings</i></p> | | | |
| Current Issues / Actions / Treatments | | Due Date | Responsibility |
| <i>List current issues / actions / treatments</i> | | | |
| | | | |
| | | | |
| | | | |

Appendix C – Risk Theme Definitions

Misconduct

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:

- Relevant authorisations not obtained.
- Distributing confidential information.
- Accessing systems and / or applications without correct authority to do so.
- Misrepresenting data in reports.
- Theft by an employee
- Collusion between Internal & External parties

This does not include instances where it was not an intentional breach - refer Errors, Omissions or delays in transaction processing, or Inaccurate Advice.

External theft & fraud (inc. Cyber Crime)

Loss of funds, assets, data or unauthorised access, (whether attempts or successful) by external parties, through any means (including electronic), for the purposes of;

- Fraud – benefit or gain by deceit
- Malicious Damage – hacking, deleting, breaking or reducing the integrity or performance of systems
- Theft – stealing of data, assets or information (no deceit)

Examples include:

- Scam Invoices
- Cash or other valuables from 'Outstations'.

Business & community disruption

Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal Shire business activities. The event may result in damage to buildings, property, plant & equipment (all assets). This could be a natural disaster, weather event, or an act carried out by an external party (inc. vandalism). This includes;

- Lack of (or inadequate) emergency response / business continuity plans.
- Lack of training to specific individuals or availability of appropriate emergency response.
- Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.
- Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc

This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT & communication systems and infrastructure".

Errors, omissions, delays

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process. This includes instances of;

- Human errors, incorrect or incomplete processing
- Inaccurate recording, maintenance, testing and / or reconciliation of data.
- Errors or inadequacies in model methodology, design, calculation or implementation of models.

This may result in incomplete or inaccurate information. Consequences include;

- Inaccurate data being used for management decision making and reporting.
- Delays in service to customers
- Inaccurate data provided to customers

This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".

Failure of IT &/or Communications Systems and Infrastructure

Instability, degradation of performance, or other failure of IT Systems, Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by:

- Hardware &/or Software
- IT Network
- Failures of IT Vendors

This also includes where poor governance results in the breakdown of IT maintenance such as;

- Configuration management
- Performance Monitoring
- IT Incident, Problem Management & Disaster Recovery Processes

This does not include new system implementations - refer "Inadequate Change Management".

Failure to fulfil statutory, regulatory or compliance requirements

Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal & public domain) to reflect changes.

This does not include Occupational Safety & Health Act (refer "Inadequate employee and visitor safety and security") or any Employment Practices based legislation (refer "Ineffective Employment practices")

It does include the Local Government Act, Health Act, Building Act, Privacy Act and all other legislative based obligations for Local Government.

Providing inaccurate advice / information

Incomplete, inadequate or inaccuracies in professional advisory activities to customers or internal staff. This could be caused by using unqualified staff, however it does not include instances relating Breach of Authority.

Inadequate project / change Management

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time requirements or scope changes. This includes:

- Inadequate Change Management Framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.
- Failure to implement new systems
- Failures of IT Project Vendors/Contractors

Inadequate Document Management Processes

Failure to adequately capture, store, archive, retrieve, provision and / or disposal of documentation. This includes:

- Contact lists.
- Procedural documents.
- 'Application' proposals/documents.
- Contracts.
- Forms, requests or other documents.

Inadequate safety and security practices

Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are:

- Inadequate Policy, Frameworks, Systems and Structure to prevent the injury of visitors, staff, contractors and/or tenants.
- Inadequate Organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc).
- Inadequate security protection measures in place for buildings, depots and other places of work (vehicle, community etc).
- Public Liability Claims, due to negligence or personal injury.
- Employee Liability Claims due to negligence or personal injury.
- Inadequate or unsafe modifications to plant & equipment.

Inadequate engagement practices

Failure to maintain effective working relationships with the Community (including Local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This invariably includes activities where communication, feedback and / or consultation is required and where it is in the best interests to do so. For example;

- Following up on any access & inclusion issues.
- Infrastructure Projects.
- Regional or District Committee attendance.
- Local Planning initiatives.
- Strategic Planning initiatives

This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.

Inadequate asset sustainability practices

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal. Areas included in the scope are;

- Inadequate design (not fit for purpose)
- Ineffective usage (down time)
- Outputs not meeting expectations
- Inadequate maintenance activities.
- Inadequate financial management and planning.

It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.

Inadequate Supplier / Contract Management

Inadequate management of External Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes. This also includes:

- Concentration issues
- Vendor sustainability

It does not include failures in the tender process; refer "Inadequate Procurement, Disposal or Tender Practices".

Ineffective employment practices

Failure to effectively manage and lead human resources (full/part time, casuals, temporary and volunteers). This includes not having an effective Human Resources Framework in addition to not having appropriately qualified or experienced people in the right roles or not having sufficient staff numbers to achieve objectives. Other areas in this risk theme to consider are;

- Breaching employee regulations (excluding OH&S)
- Discrimination, Harassment & Bullying in the workplace
- Poor employee wellbeing (causing stress)
- Key person dependencies without effective succession planning in place
- Induction issues
- Terminations (including any tribunal issues)
- Industrial activity

Care should be taken when considering insufficient staff numbers as the underlying issue could be process inefficiencies.

Ineffective management of facilities / venues / events

Failure to effectively manage the day to day operations of facilities and / or venues. This includes;

- Inadequate procedures in place to manage the quality or availability.
- Ineffective signage
- Booking issues
- Financial interactions with hirers / users
- Oversight / provision of peripheral services (eg. cleaning / maintenance)

Inadequate environmental management.

Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes;

- Lack of adequate planning and management of coastal erosion issues.
- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Weed control.
- Ineffective management of water sources (reclaimed, potable)
- Illegal dumping.
- Illegal clearing / land use.

9.1.3 REVIEW OF INTERNAL CONTROLS

Location/Address: Shire of Mingenew
Name of Applicant: Shire of Mingenew
Disclosure of Interest: Nil
File Reference: ADM0362
Date: 16 December 2016
Author: Martin Whitely, Chief Executive Officer

Summary

This report recommends that the Audit Committee notes and accepts the review of the Shire's internal control procedures and recommends adoption of these by Council.

Attachment

- Risk Dashboard Report (Confidential Attachment)
- Local Government Operational Guidelines Number 09 – Audit in Local Government – Appendix 3

Confidential Attachment – in accordance with section 5.23(2)(f) of the Local Government Act 1995 – a matter that if disclosed, could reasonably be expected to –

- (i) ***Impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or***
- (ii) ***Endanger the security of the local government's property.***

Background

The Local Government Audit Regulations 1996 have extended the functions of local government Audit Committees. These functions now include reviewing the Chief Executive Officer's report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance; and reporting the results of the Committee's consideration of that review to the Council.

The review is required to be carried out on a biennial basis with the deadline for this review being December 2016. The regulation requires that the Audit Committee considers the review prior to consideration by Council.

Comment

The attached Internal Control Environment documentation and identification of Shire internal controls has been developed and includes a list of risk areas.

The following risk areas have been addressed:

- Misconduct
- Business & Community Disruption
- Inadequate Environmental Management
- Errors, omissions and delays
- External theft and fraud (including Cyber Crime)
- Failure of IT &/or communication systems and infrastructure
- Failure to fulfil statutory, regulatory or compliance requirements
- Inadequate safety and security practices
- Providing inaccurate advice/information
- Ineffective employment practices

- Inadequate document management processes
- Inadequate project/change management
- Inadequate engagement practices
- Inadequate supplier/contractor management
- Inadequate asset sustainability practices
- Ineffective management of facilities, venues, events

Consultation

Nita Jane, Deputy Chief Executive Officer

Statutory Environment

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

Policy Implications

Risk Management Policy

Financial Implications

Nil

Strategic Implications

Community Strategic Plan

Outcome 4.2 - An open and accountable local government that is respected, professional and trustworthy

Outcome 4.5 - Achieve a high level of compliance

Outcome 4.5.1 – Ensure compliance with local, town planning, building and health and all other relevant legislation.

Voting Requirements

Simple Majority

| |
|--|
| COMMITTEE RECOMMENDATION – ITEM 9.1.3 |
|--|

That Council:

- 1. Notes and accepts the review of the Shire's internal control procedures; and**
- 2. Recommends adoption of this review by Council.**



Government of **Western Australia**
Department of **Local Government and Communities**

Local Government Operational Guidelines

Number 09 – Revised September 2013

Audit in Local Government

The appointment, function
and responsibilities of
Audit Committees

1. Introduction

The *Local Government Act 1995* (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

The purpose of this guideline is to assist local governments to establish and operate an effective audit committee. Clear and comprehensive terms of reference, setting out the committee's roles and responsibilities, are essential and a model terms of reference for an audit committee is provided with this guideline. Matters such as the governing legislation, membership, primary roles and responsibilities of the committee and ancillary functions are also addressed. Guidance is provided to the committee as it approaches its task of appointing an external auditor through provision of a minimum standard audit specification and as it forms an opinion of the local government's internal audit requirements.

2. Audit Requirements, Committees and Functions

The relevant parts of the Act and regulations that relate to audit requirements, audit committees and their functions are listed below.

Financial Management

In relation to financial management under Part 6 of the Act, a local government is to –

- a) prepare and adopt an annual budget in the form and manner prescribed (section 6.2). A copy of the budget is to be sent to the Department within 30 days of adoption.
- b) prepare an annual financial report and such other financial reports as prescribed. The accounts of the local government and annual financial report are to be submitted to the auditor for audit by 30 September (section 6.4).
- c) have a municipal fund and a separate and distinct trust fund (section 6.6).
- d) establish and maintain reserve funds for the holding of monies set aside for future use (section 6.11).

Audit Requirements for Local Governments

Part 7 of the Act and the *Local Government (Audit) Regulations 1996* (the Regulations) address the situation of audit. In relation to the duties of the local government with respect to audits –

- a) the local government is to do everything in its power to –
 - i. assist the auditor to conduct an audit and carry out his or her other duties under the Act; and

- ii. ensure that audits are conducted successfully and expeditiously;
- b) a local government is to meet with its auditor at least once in every year;
- c) a local government is to examine the report of the auditor and is to –
 - i. determine if any matters raised require action to be taken by the local government; and
 - ii. ensure that appropriate action is taken in respect of those matters;
- d) a local government is to –
 - i. prepare a report on any actions taken in respect of any matters raised in the report of the auditor; and
 - ii. forward a copy of that report to the Minister by the end of the next financial year, or six months after the last report prepared by the auditor is received by the local government, whichever is the latest in time.
- e) the only powers and duties that can be delegated to a committee are any of the powers and duties of the local government under Part 7 of the Act; that is, those relating to audit. The committee cannot on-delegate the powers and duties delegated to it;
- f) an audit committee with a member who is a person that is not an elected member can be delegated powers and duties referred to in (e); and
- g) a decision of the committee is to be made by simple majority.

Audit Committee Functions

The Regulations state that an audit committee –

Establishment of the Audit Committee

The Act and Regulations provide that:

In relation to the establishment of an audit committee –

- a) each local government is to establish an audit committee consisting of three or more persons to exercise the powers and discharge the duties conferred on it;
- b) members of the committee are to be appointed by an absolute majority decision of Council. At least three of the members, and the majority of the members, are to be elected members;
- c) the Chief Executive Officer (CEO) is not to be a member of the committee and may not nominate a person to be a member or have a person to represent him or her as a member of the committee;
- d) an employee is not to be a member of the committee;
- (a) is to provide guidance and assistance to the local government –
 - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act;
 - (ii) as to the development of a process to be used to select and appoint a person to be an auditor;
- (b) may provide guidance and assistance to the local government as to –
 - (i) matters to be audited;
 - (ii) the scope of audits;
 - (iii) its functions under Part 6 of the Act;
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management;
- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to –
 - (i) report to the council the results of that review;
 - (ii) give a copy of the CEO's report to the council;

- (d) review the annual Compliance Audit Return and report to the council the results of that review, and
- (e) consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance and report to the council the results of those reviews.

3. Operation of Audit Committees

Role and Responsibilities

The role of the audit committee is to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

The audit committee should critically examine the audit and management reports provided by the external auditor. The committee would then determine if matters raised in the reports require action to be taken by the local government and ensure that appropriate action is implemented.

A further role for the audit committee would be to receive and authorise the report relating to the audit prepared by the CEO that is to be sent to the Minister.

This report would outline any actions the local government has taken or intends to take in relation to the matters identified by the auditor.

While a formal internal audit function could be considered to be an operational function and therefore the responsibility of the CEO, it is desirable for an internal auditor to have a direct line of communication to the Audit Committee.

The Audit Committee needs to form an opinion of the local government's internal audit requirements and recommend a course of action that ensures that any internal audit processes adopted are appropriate, accountable and transparent. The role of the external auditor in this regard can be established at the time of appointment.

Please note that an audit committee (or any other committee) cannot be given a management task where the Act and Regulations make the CEO specifically responsible. Where the local government is assigned the function through the legislation, the audit committee may have a role unless the function has been delegated to the CEO by the Council.

The deliberations and recommendations of the committee must be independent and autonomous. Therefore, the Act prohibits the CEO being a member of the committee. However, it is essential that the CEO be given every opportunity to provide his/her expert advice to the committee as he/she does with full Council and other committees.

A model terms of reference is attached as Appendix 1 to assist local governments to define an appropriate role for its audit committee. When considering the model, local governments need to remember it is a guide and they can delete or modify any matters they believe not applicable.

It is important to note that the legislation gives the audit committee a specific role in appointing the auditor. It is to recommend to the Council who should be appointed as the auditor. Attached as Appendix 2 is a model 'Minimum Standard Audit Specification' that local governments can use when developing a process to be used to select and appoint a person to be the auditor.

Local governments can amend the document to suit their individual requirements. Any scope adopted must meet, as a minimum, the legislative requirements, as outlined in the Act and the Regulations.

The legislation specifies that a local government is required to meet with its auditor at least once in every year. The term "local government" in this context means the Council. If Council so resolved via a formal delegation, a meeting between the audit committee and the auditor would satisfy this requirement.

It is acknowledged that the requirement to meet at least once per year may incur a significant financial burden for the more remote local governments. In such circumstances the meeting can be conducted by telephone or video conference. The Council or audit committee should resolve how the meeting with the auditor will be conducted and for the record of the meeting to show that the auditor was involved and the matters discussed. It would be inappropriate for Council representatives to meet with the auditor in their offices unless they were members of the Audit Committee or a significant majority of the members are present.

The committee may need to liaise regularly with the external auditor to discuss the audit plan, results of the audit and implementation of any recommendations for action emerging from the audit. How communication and liaison between auditor and committee is to occur should be addressed in the agreement of appointment.

Advice from the auditor may address issues such as –

- (i) an assessment of accounting procedures;
- (ii) an assessment of internal controls;
- (iii) an assessment of risk;
- (iv) compliance with the Act and associated regulations;
- (v) compliance with Council policies;
- (vi) performance assessments on the efficiency and effectiveness of operations;
- (vii) processes of the internal audit;
- (viii) outcomes of the external audit prior to issue of management and audit reports; and
- (ix) changes to accounting standards and legislation and the impact on the local government.

Membership

The Act requires that an audit committee is to consist of a minimum of 3 members and in that situation all must be council members. Where a committee consists of more than 3 members then a majority of those members must be council members. Local governments may decide to appoint a committee involving only elected members or they may appoint one or more persons who are external to the Council. If a Council considers it appropriate, the whole Council can be appointed to the audit committee.

If the local government wishes to appoint one or more persons other than elected members to the committee, which is recommended, it should ensure that they have the requisite knowledge and skills to provide benefit to the committee.

Operation of the Committee

Irrespective of the membership of the committee, all legislative requirements relating to committee meetings such as advertising meeting dates, notice of meeting and keeping minutes of meetings need to be complied with.

The legislation prevents a meeting fee being paid to an external person but it is permissible for a payment to be made as a reimbursement of expenses, commensurate with the expertise and knowledge such people bring to the committee. The Council will need to determine whether payment will be offered and the level of that reimbursement payment.

Members of the committee should be encouraged to attend appropriate courses to keep them up to date with legislation, accounting and other relevant issues.

Other Responsibilities

Local governments are required by legislation to complete a statutory compliance return (Compliance Audit Return or CAR) annually and have the return adopted by Council. The return is a checklist of a local government's compliance with the requirements of the Act and its Regulations, concentrating on areas of compliance considered "high risk."

The Audit Committee is to review the annual CAR and report to the Council the results of that review, prior to adoption of the return by Council. After adoption, the return is to be signed by the Mayor or President and the CEO prior to it being forwarded to the Department.

The Audit Committee is to consider the CEO's biennial reviews (see Regulation 17.) of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance and report to the council the results of those reviews.

Attached as Appendix 3 is information to assist in determining what falls within the terms 'risk management,' 'internal control' and 'legislative compliance.'

The audit committee could also consider proposals from the CEO as to whether the compliance audit, and the biennial reviews of risk management, internal control and legislative compliance, are undertaken internally or an external party is contracted to undertake the task. In the case of an external party the audit committee would have responsibility to receive the review report from the CEO and make recommendations on it to full Council.

4. The External Audit

Appointment of the Auditor

The Act and Regulations provide that –

- a) on the recommendation of the audit committee a local government is to from time to time appoint, by absolute majority, a person to be its auditor;
- b) the local government may appoint one or more persons as its auditor;
- c) the local government's auditor is to be a person who is –
 - a. a registered company auditor; or
 - b. an auditor approved by the Minister;
- d) a person may not be appointed as a local government auditor if that person is –
 - a. a councillor or employee of the local government;
 - b. in debt to the local government for more than \$5,000;
 - c. a councillor or employee of a regional local government in which the local government is a participant;
 - d. a member of an incorporated association formed by the local government; or
 - e. a class of persons as prescribed in the Regulations;
- e) an auditor is not to be appointed for more than five years; and
- f) the appointment of a person as an auditor is to be made by agreement in writing and is to include –
 - i. the objectives of the audit;
 - ii. the scope of the audit;
 - iii. a plan for the audit;
 - iv. details of the remuneration and expenses to be paid to the auditor; and
 - v. the method to be used by the local government to communicate with, and supply information to, the auditor.

The committee should undertake a proper selection and appointment process as part of appointing, or reappointing an auditor. If reappointment is being considered, the process should include the review of key issues as in i. to v. above.

It is important to realise that the Act specifies that it is a named person(s) that is appointed as auditor, not the company, or 'the partners' of the company which employs the person. Therefore, when the audit report is received it must be signed by the person(s) appointed as the auditor; it cannot be the generic signature identifying the firm.

Conduct of the Audit

The Act and Regulations provide that –

- a) the auditor is required by 31 December next following the financial year to which the audit relates, to examine the accounts and annual financial report submitted for audit;
- b) the auditor is to form an opinion as to whether –
 - i. the accounts are properly kept; and
 - ii. the annual financial report –
 - is prepared in accordance with the financial records; and
 - represents fairly the results of the operations of the local government and its financial position at 30 June;
- c) the auditor is to prepare a report on the audit and within 30 days of completing the audit forward a copy to –
 - i. the mayor or president;
 - ii. the CEO of the local government; and
 - iii. the Minister;

- d) the report is to give the auditor's opinion on –
- i. the financial position of the local government; and
 - ii. the results of the operation of the local government;
- e) the report is to include –
- i. any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
 - ii. any matters indicating non-compliance with financial management requirements of the Act, Regulations and any other written law;
 - iii. details of whether information and explanations were obtained;
 - iv. a report on the conduct of the audit; and
 - v. the opinion of the auditor as to whether or not the specific financial ratios reported are supported by verifiable information and reasonable assumptions;
- f) where it is considered appropriate to do so the auditor is to prepare a management report to accompany the auditor's report;
- g) where the auditor considers that –
- i. there is any error or deficiency in an account or financial report;
 - ii. any money paid from, or due to the local government has been, or may have been misapplied; or
 - iii. there is a matter arising from the audit that needs to be addressed by the local government; details are to be included in the report to the Minister; and

- h) the auditor has a right of access at all reasonable times to such books, accounts, documents and assets of the local government as are in the opinion of the auditor necessary to allow the audit to be conducted.

Scope of the Audit

The Act and Regulations prescribe the scope of the external audit of the annual financial statements of a local government.

The scope details are going to vary between local governments but as an aid a model minimum standard audit specification is attached as Appendix 2 to this guideline. Individual local governments can amend that document to suit their particular needs.

Reporting by the Auditor

Regulations require the auditor, where appropriate, to prepare a management report to accompany the auditor's report. Although there is no legislative requirement for the auditor to prepare a management report unless he or she deems it appropriate, local government may wish to require the auditor to prepare a report on all issues identified during the audit.

The auditor, after completing the audit, is to forward a copy of his or her audit and management report to –

- the Mayor or President;
- the CEO of the local government; and
- the Minister via the Department.

It is the CEO's responsibility to ensure that the external audit report is provided to the audit committee. In considering the audit and management reports presented to the audit committee, the CEO should:

- a) examine any critical matters raised in the reports that affect the financial position of the local government; and
- b) provide comment on any critical matters raised and action proposed to be taken to address those matters.

Once Council has addressed matters raised, or accepted the CEO's planned remedial action on matters raised in the audit and management reports, the CEO should provide feedback to the Department on those matters.

Appendix 1

Model Terms of Reference – Audit Committees

Important: The following Model Terms of Reference contains clauses that may not be applicable to each local government. Local governments will need to consider each clause and only adopt those that are applicable to the roles and responsibilities and delegated powers and functions that will apply to their audit committee.

The clauses that may be considered optional have been asterisked (*).

Objectives of Audit Committees

The primary objective of the audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

The committee is to facilitate –

- the enhancement of the credibility and objectivity of *internal and external financial reporting;

- *effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- *the coordination of the internal audit function with the external audit; and
- the provision of an effective means of communication between the external auditor, *internal auditor, the CEO and the Council.

Powers of the Audit Committee

The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

Membership

The committee will consist of *four members with three elected and *one external person. All members shall have full voting rights.

*External persons appointed to the

committee will have business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements.

*Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum term of two years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives.

*Reimbursement of approved expenses will be paid to each external person who is a member of the committee.

The CEO and employees are not members of the committee.

The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the committee.

The local government shall provide secretarial and administrative support to the committee.

Meetings

The committee shall meet at least *quarterly.

Additional meetings shall be convened at the discretion of the presiding person.

Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

*The committee shall report annually to the Council summarising its activities during the previous financial year.

Duties and Responsibilities

The duties and responsibilities of the committee will be –

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits;
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local government's auditor;
- c) Develop and recommend to Council –
 - a list of those matters to be audited; and
 - the scope of the audit to be undertaken;
- d) Recommend to Council the person or persons to be appointed as auditor;
- e) Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include –
 - the objectives of the audit;
 - the scope of the audit;
 - a plan of the audit;
 - details of the remuneration and expenses to be paid to the auditor; and
 - the method to be used by the local government to communicate with, and supply information to, the auditor;
- f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- g) Liaise with the CEO to ensure that the local government does everything in its power to –
 - assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - ensure that audits are conducted successfully and expeditiously;
- h) Examine the reports of the auditor after receiving a report from the CEO on the matters to –
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters;
- i) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- j) Review the scope of the audit plan and program and its effectiveness;
- k) *Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO (see reference to internal audit page 14);
- l) *Review the level of resources allocated to internal audit and the scope of its authority;
- m) *Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;
- n) *Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;
- o) *Review the local government's draft annual financial report, focusing on –
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;

- compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years;
- p) *Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
- q) *Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;
- r) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;
- s) Review the annual Compliance Audit Return and report to the council the results of that review, and
- t) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews.

Internal Audit

Many local governments have recognised the need to improve their internal auditing processes, and have moved to either employ an internal auditor or contract out the internal audit function.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an

organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of an internal audit would be determined by the Audit committee, with input from the CEO, based on the size of the local government's internal operations and the level of compliance to be achieved. The role differs from that of the external auditor who is appointed by council on the recommendation of the Audit Committee, to report independently to it, through the mayor/president and the CEO, on the annual financial statements. The external auditor's primary role is to decide whether the annual financial statements of a local government are free of material misstatement.

There are certain functions of the internal audit that complement the external auditor's role. As the external auditor plans for an effective audit they need to assess and determine whether to include the scope, procedures and outcomes of the internal audit. The CEO must refer all internal audit reports to the Audit Committee for consideration.

An internal auditor's activities should typically include the following:

- (a) review of the internal control structure, monitoring the operations of the information system and internal controls and providing recommendations for improvements;
- (b) a risk assessment with the intention of minimising exposure to all forms of risk on the local government;
- (c) examination of financial and operating information that includes detailed testing of transactions, balances and procedures;

- (d) a review of the efficiency and effectiveness of operations and services including non-financial controls of a local government;
- (e) a review of compliance with management policies and directives and any other internal requirements;
- (f) review of the annual Compliance Audit Return;
- (g) assist in the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance; and
- (h) specific tasks requested by management.

For local government, the internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function. The CEO may choose to delegate this responsibility provided always that the delegation does not directly or indirectly interfere with the ability of the Internal Auditor to conduct an internal audit function free from interference.

A clear and properly defined reporting relationship ensures that the internal auditor is empowered to perform their role working with management. The direct reporting line to the audit committee also acts as an adequate safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.

While it is recognised that smaller councils may not be able to justify a

full-time internal auditor, a small size of operation does not justify forgoing internal audit altogether. If audit committee or management is of the view that the employment of an independent internal auditor either full-time or part-time is not warranted, it may request the council to have the internal audit function undertaken as necessary by an external contractor, or expand the role of its external auditor.

The external auditor or his or her professional company should only undertake internal audit functions that complement the external audit and do not cloud the objectivity and independence of the external audit. An external auditor must not audit information prepared by them or their accounting practice, as this is considered incompatible with the standard of independence.

Local governments that do not establish an internal audit process but require a review of the financial management systems and procedures, may decide to use the services of the external auditor for that purpose. Such reviews are to be undertaken every four years in accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

The review of financial management systems and procedures provides the external auditor with greater assurance of systems and procedures used to prepare the annual financial statements, and whether they provide information free of material misstatement.

Appendix 2

Model Minimum Standard Audit Specification

Important: The following Model Minimum Standard Audit Specification may be used as the basis for the calling of tenders or seeking of quotes for the appointment of an auditor. Local governments need to consider the Model to ensure that only those clauses applicable to its requirements are used. This applies, in particular, to the “Critical matters to be audited”.

Introduction

This document is provided for the assistance of auditors who wish to apply for the role of auditor with the City/Town/Shire.

Auditors are required to address all of the matters outlined in the specification.

Auditors who submit an application may be asked to provide further information and/or make a presentation to the audit committee.

Objectives of the Audit

To provide an independent audit opinion of the accounts and annual financial reports of the local government for each financial year covered by the term of the audit appointment.

Term of Audit Appointment

For the financial years commencing 1 July through to 30 June..... (not more than 5 years)

Scope of the Audit

The auditor is to –

Carry out such work as is necessary to form an opinion as to whether –

- (a) the accounts are properly kept; and
- (b) the annual financial report –
 - (i) is prepared in accordance with the financial records; and
 - (ii) represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards, the *Local Government Act 1995* (as amended) (the Act), the *Local Government (Financial Management) Regulations 1996* (as amended) and other mandatory professional reporting requirements.

Give an opinion in his or her audit report on –

- (a) the financial position of the local government; and
- (b) the results of the operation of the local government.

Include in his or her audit report –

- (a) any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
- (b) any matters indicating non-compliance with financial management or control requirements of the Act, Regulations and any other written law;
- (c) details of whether information and explanations were obtained by the auditor;

- (d) a report on the conduct of the audit; and
- (e) the opinion of the auditor as to whether or not the specific financial ratios reported are supported by verifiable information and reasonable assumptions.

Audit Methodology and Approach

Other requirements of the Auditor –

- (a) The auditor is required to comply with the requirements of section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*;
- (b) An audit is to be carried out in accordance with accounting standards adopted from time to time by the Australian Government Auditing and Assurance Standards Board (AuASB);
- (c) The auditor is to provide the local government with a general outline of his/her methodology;
- (d) The auditor is to provide the local government with a plan for the audit including –
 - timing of interim audit visits;
 - final audit visit (within 30 days of being advised that the accounts and annual financial report are available for audit);
 - timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means;
 - the method to be used to communicate with, and provide advice and information to, the local government; and
- (e) The auditor is required to produce an audit report as required by section 7.9 of the *Local Government Act 1995* and, if considered appropriate by the auditor, a management report.

Critical Matters to be Audited

The auditor is to include in his or her application the extent to which the critical matters outlined below will be audited so as to form an opinion on the manner in which they have been maintained.

- (i) Revenue
 - Rates revenue
 - Government grants
 - User pays revenue
 - Profit on sale of non-current assets
 - Other income
- (ii) Expenditure
 - Salary and wage costs
 - Depreciation
 - Materials and contract expenditure
 - Loss on sale of non-current assets
 - Insurances
 - Bad debts
 - Other expenditure
- (iii) Current Assets
 - Bank and short term investments
 - Receivables and prepayments
 - Inventory
- (iv) Non-Current Assets
 - Property, plant, furniture and equipment
 - Infrastructure and depreciation
 - Other receivables
- (v) Liabilities (Current and non-current)
 - Creditors and accruals
 - Loan borrowings including new loans raised
 - Provision for annual and long service leave entitlements
- (vi) Reserve Funds
- (vii) Contingent Liabilities
- (viii) Capital Commitments
- (ix) Accounting Policies and Notes to the Financial Statements
- (x) Cash Flow Statement
- (xi) The financial ratios required by the *Local Government (Financial Management) Regulations 1996*

Hours, Fees and Expenditure

The auditor is to provide –

- estimate of the time to be spent on the audit;
- fees for completing the audit in accordance with this specification;
- nominated auditor(s) and registered company audit number(s); and
- experience of the nominated auditors in completing local government audits.

The auditor is to provide a fee for any additional audit requested by Council.

Terms

Conditions to be noted by auditors –

- the auditor shall not sub contract to a third party;
- the auditor shall not, and has no right to, assign the audit contract to third parties;
- the auditor shall not be engaged by the local government to undertake any financial consultancy with the local government that requires the preparation of financial information that will be the subject of the annual audit; and
- the auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission.

Termination of Appointment

The appointment as auditor is terminated if –

- (a) the auditor ceases to be a registered company auditor;
- (b) the auditor ceases to be an approved auditor under Section 7.5 of the *Local Government Act 1995*;
- (c) the auditor is a disqualified person under Section 7.4(2) of the *Local Government Act 1995*;
- (d) the auditor resigns by notice in writing to Council; or
- (e) Council serves notice in writing to the auditor terminating the appointment.

Appendix 3

Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance

Please note: Section 7 of the Department's Western Australian Local Government Accounting Manual provides a comprehensive internal control framework related to internal control and risk management.

Risk Management

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:

- Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered;
- Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time;
- Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas;
 - potential non-compliance with legislation, regulations and standards and local government's policies;
 - important accounting judgements or estimates that prove to be wrong;
 - litigation and claims;
 - misconduct, fraud and theft;
 - significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government;
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;
- Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment;
- Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated,

monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

Internal Control

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.

An effective and transparent internal control environment is built on the following key areas:

- integrity and ethics;
- policies and delegated authority;
- levels of responsibilities and authorities;
- audit practices;
- information system access and security;
- management operating style; and
- human resource management and practices.

Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

Aspects of an effective control framework will include:

- delegation of authority;
- documented policies and procedures;
- trained and qualified employees;
- system controls;
- effective policy and process review;
- regular internal audits;
- documentation of risk identification and assessment; and

- regular liaison with auditor and legal advisors.

The following are examples of controls that are typically reviewed:

- separation of roles and functions, processing and authorisation;
- control of approval of documents, letters and financial records;
- comparison of internal data with other or external sources of information;
- limit of direct physical access to assets and records;
- control of computer applications and information system standards;
- limit access to make changes in data files and systems;
- regular maintenance and review of financial control accounts and trial balances;
- comparison and analysis of financial results with budgeted amounts;
- the arithmetical accuracy and content of records;
- report, review and approval of financial payments and reconciliations; and
- comparison of the result of physical cash and inventory counts with accounting records.

Legislative Compliance

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:

- Monitoring compliance with legislation and regulations;
- Reviewing the annual Compliance Audit Return and reporting to Council the results of that review;
- Staying informed about how management is monitoring the

effectiveness of its compliance and making recommendations for change as necessary;

- Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;
- Obtaining assurance that adverse trends are identified and review management's plans to deal with these;
- Reviewing management disclosures in financial reports of the effect of significant compliance issues;
- Reviewing whether the internal and/or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee;
- Considering the internal auditor's role in assessing compliance and ethics risks in their plan;
- Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements; and
- Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest.

These guidelines are also available on the Department's website at www.dlgc.wa.gov.au



Government of **Western Australia**
Department of **Local Government and Communities**




Local Government Advisory Hotline
1300 762 511

Email: lghotline@dlgc.wa.gov.au
8.30am–5.00pm, Monday to Friday

About the Guideline series

This document and others in the series are intended as a guide to good practice and should not be taken as a compliance requirement. The content is based on Department officer knowledge, understanding, observation of, and appropriate consultation on contemporary good practice in local government. Guidelines may also involve the Department's views on the intent and interpretation of relevant legislation.

All guidelines are subject to review, amendment and re-publishing as required. Therefore, comments on any aspect of the guideline are welcome. Advice of methods of improvement in the area of the guideline topic that can be reported to other local governments will be especially beneficial.



For more information about this and other guidelines, contact the Local Government Regulation and Support Branch at:

Department of Local Government and Communities

Gordon Stephenson House, 140 William Street, Perth WA 6000

GPO Box R1250, Perth WA 6844

Telephone: (08) 6551 8700 Fax: (08) 6552 1555

Freecall (Country only): 1800 620 511

Email: info@dlgc.wa.gov.au Website: www.dlgc.wa.gov.au

Translating and Interpreting Service (TIS) – Tel: 13 14 50

9.1.4 RAV NETWORK – MIDLANDS ROAD

Location/Address: Shire of Mingenew
Name of Applicant: Shire of Mingenew
Disclosure of Interest: Nil
File Reference: ADM0197
Date: 16 December 2016
Author: Martin Whitely, Chief Executive Officer

Summary

This report recommends that Council make a submission to Main Roads pertaining to the section of Midlands Road from Mingenew to Three Springs.

Attachment

Nil

Background

At the November 2016 Concept Forum Cr Cosgrove raised concerns at the suitability of Midlands Road as a RAV 7 approved network road due to the width of the road (Mingenew to Three Springs) the number of bends and the state of the shoulders and that an approach be made to Main Roads regarding the road and that either improvement works be undertaken, a speed limit on trucks be introduced or the road be removed from the RAV 7 network.

Comment

Following discussions with Mr Bernie Miller at Main Roads I have suggested looking at an 80km/hour speed limit for trucks on the Midlands Road from SLK 22400 (Mill's Property) into Mingenew. As the Midlands Road is owned by Main Roads a local government can make such a request for conditions to be placed on roads not under their jurisdiction. In this instance Council can make a request to reduce the speed limit and Main Roads will carry out an assessment of the request and make a decision based upon their assessment to see if the request made by the local government should be enforced.

In relation to the likelihood of Main Roads widening and/or upgrading the section of Midlands Road between Mingenew and Three Springs this depend largely on the financial capacity of Main Roads to complete such works. Similarly an assessment would be carried out and the proposed widening of this section of road would then need to be prioritised along with other similar works to be carried within the region. There could be opportunities for the Shire to work with Main Roads to obtain State or Federal funding to assist with the proposed works.

Consultation

Bernie Miller, Regional Manager Main Roads Geraldton Office

Statutory Environment

Nil

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Community Strategic Plan

Outcome 2.5.1 - Maintain and improve road assets

Voting Requirements

Simple Majority

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.1.4 |
|--|

That Council make a submission to Main Roads

- 1. To make future provision for widening and upgrading the section of Midlands Road from Mingenew to Three Springs**
- 2. Impose a condition on the RAV Network for the Midlands Road for an 80km/hour speed limit for trucks from the existing 80km/hour speed limit east of Mingenew to SLK 22400**

9.2 FINANCE

9.2.1 FINANCIAL STATEMENTS FOR PERIOD ENDING 30 November 2016

| | |
|--------------------------------|---|
| Location/Address: | Shire of Mingenew |
| Name of Applicant: | Shire of Mingenew |
| Disclosure of Interest: | Nil |
| File Reference: | ADM0304 |
| Date: | 7 th December 2016 |
| Author: | Nita Jane, Deputy CEO |
| Senior Officer: | Martin Whitely, Chief Executive Officer |

Summary

This report recommends that the Monthly Statement of Financial Activity report for the period ending 30 November 2016 is presented to Council for adoption.

Attachment

Finance Report for period ending 30 November 2016.

Background

The Monthly Financial Report to 30 November 2016 is prepared in accordance with the requirements of the Local Government Act and the Local Government (Financial Management) Regulations and includes the following:

- Statement of Financial Activity by Nature & Type
- Statement of Financial Activity by Program
- Statement of Capital Acquisitions and Capital Funding
- Explanation of Material Variances
- Net Current Funding Position
- Cash and Investments
- Budget Amendments
- Receivables
- Cash Backed Reserves
- Capital Disposals
- Rating Information
- Information on Borrowings
- Grants & Contributions
- Trust

Comment

| SUMMARY OF FUNDS – SHIRE OF MINGENEW | |
|---|-----------|
| Municipal Account | 34,445 |
| Business Cash Maximiser (Municipal Funds) | 1,936,147 |
| Trust Account | 135,443 |
| Reserve Maximiser Account | 309,610 |

MINGENEW SHIRE COUNCIL ORDINARY MEETING AGENDA – 21 December 2016

Debtor's accounts continue to be monitored with all efforts being made to ensure that monies are recovered. The following remains outstanding as at 30 November 2016:

| | Current | 30+ Days | 60+ Days | 90+ Days | TOTAL |
|--------|----------------|-----------------|-----------------|-----------------|--------------|
| Amount | 1,048 | 60 | 1,495 | 3,333 | 5,936 |

Rates Outstanding at 30 November 2016 were:

| | Current | Arrears | TOTAL |
|-------------------|----------------|----------------|----------------|
| Rates | 354,008 | 29,787 | 383,795 |
| Rubbish | 6,597 | 2,070 | 8,667 |
| ESL | 4,360 | 670 | 5,030 |
| Payment Plan Fees | 200 | 0 | 200 |
| TOTAL | 365,165 | 32,527 | 397,692 |

The Statement of Financial Activities Report contains explanations of Councils adopted variances for the 2016/2017 financial year.

Consultation

Chief Executive Officer
Senior Finance Officer

Statutory Environment

Local Government Act 1995 Section 6.4

Local Government (Financial Management) Regulations 1996 Section 34

34. Financial activity statement required each month (Act s. 6.4)

(1A) In this regulation —

committed assets means revenue unspent but set aside under the annual budget for a specific purpose.

- (1) A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail —
- annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c); and
 - budget estimates to the end of the month to which the statement relates; and
 - actual amounts of expenditure, revenue and income to the end of the month to which the statement relates; and
 - material variances between the comparable amounts referred to in paragraphs (b) and (c); and
 - the net current assets at the end of the month to which the statement relates.
- (2) Each statement of financial activity is to be accompanied by documents containing —
- an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets; and
 - an explanation of each of the material variances referred to in subregulation (1)(d); and

MINGENEW SHIRE COUNCIL ORDINARY MEETING AGENDA – 21 December 2016

- (c) such other supporting information as is considered relevant by the local government.
- (3) The information in a statement of financial activity may be shown —
 - (a) according to nature and type classification; or
 - (b) by program; or
 - (c) by business unit.
- (4) A statement of financial activity, and the accompanying documents referred to in subregulation (2), are to be —
 - (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and
 - (b) recorded in the minutes of the meeting at which it is presented.
- (5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.

Policy Implications

Nil

Financial Implications

Financial implications are outlined in comments.

Strategic Implications

Nil

Voting Requirements

Simple Majority

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.2.1 |
|--|

That the Monthly Statement of Financial Activity for the period 1 July 2016 to 30 November 2016 be received.

SHIRE OF MINGENEW

MONTHLY FINANCIAL REPORT

For the Period Ended 30 November 2016

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

TABLE OF CONTENTS

| | |
|---|---------|
| Compilation Report | 2 |
| Monthly Summary Information | 3 - 5 |
| Statement of Financial Activity by Program | 6 |
| Statement of Financial Activity By Nature or Type | 7 |
| Statement of Capital Acquisitions and Capital Funding | 8 |
| Statement of Budget Amendments | 9 |
| Note 1 Significant Accounting Policies | 10 - 16 |
| Note 2 Explanation of Material Variances | 17 |
| Note 3 Net Current Funding Position | 18 |
| Note 4 Cash and Investments | 19 |
| Note 5 Budget Amendments | 20 |
| Note 5a Budget Amendments - Corporate Business Plan | 21-22 |
| Note 6 Receivables | 23 |
| Note 7 Cash Backed Reserves | 24 |
| Note 8 Capital Disposals | 25 |
| Note 9 Rating Information | 26 |
| Note 10 Information on Borrowings | 27 |
| Note 11 Grants and Contributions | 28 |
| Note 12 Trust | 29 |
| Note 13 Capital Acquisitions | 30-32 |

Shire of Mingenew

Compilation Report

For the Period Ended 30 November 2016

Report Purpose

This report is prepared to meet the requirements of *Local Government (Financial Management) Regulations 1996*, Regulation 34 .

Overview

Summary reports and graphical progressive graphs are provided on page 3, 4 and 5.
No matters of significance are noted.

Statement of Financial Activity by reporting program

Is presented on page 6 and shows a surplus as at 30 November 2016 of \$2,343,305.

Note: The Statements and accompanying notes are prepared based on all transactions recorded at the time of preparation and may vary.

Preparation

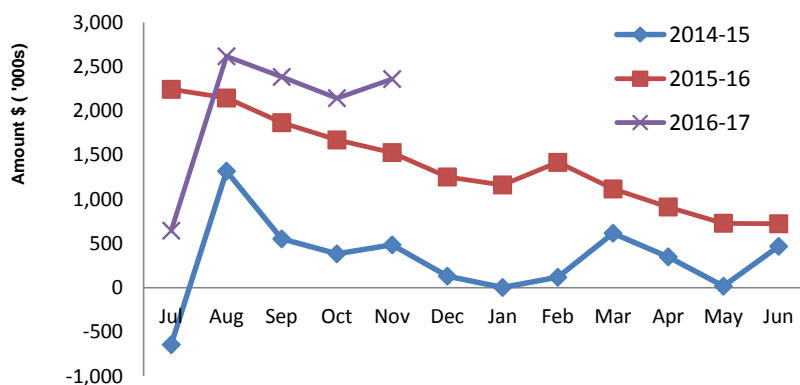
Prepared by: Nita Jane

Reviewed by: Martin Whitely

Date prepared: 5/12/2016

Shire of Mingenew
Monthly Summary Information
 For the Period Ended 30 November 2016

Liquidity Over the Year (Refer Note 3)



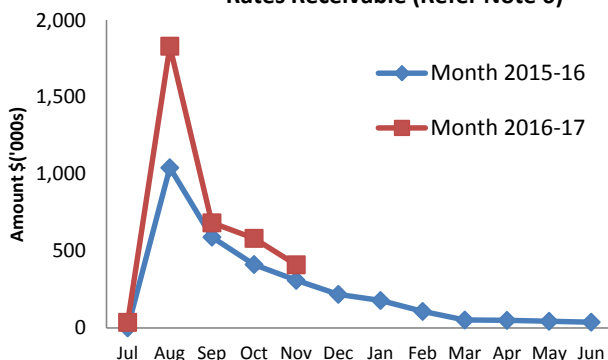
Cash and Cash Equivalents as at period end

| | |
|--------------|--------------|
| Unrestricted | \$ 1,758,351 |
| Restricted | \$ 526,236 |
| | \$ 2,284,587 |

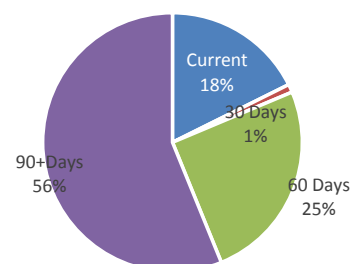
Receivables

| | |
|-------|------------|
| Rates | \$ 414,372 |
| Other | \$ 5,936 |
| | \$ 420,308 |

Rates Receivable (Refer Note 6)



Accounts Receivable Ageing (non-rates) (Refer Note 6)



Comments

Rates were issued on 22 August 2016.
 First instalment was due 27 September 2016.
 Final notices were issued 3rd October 2016
 Second Instalment was due 29 November 2016

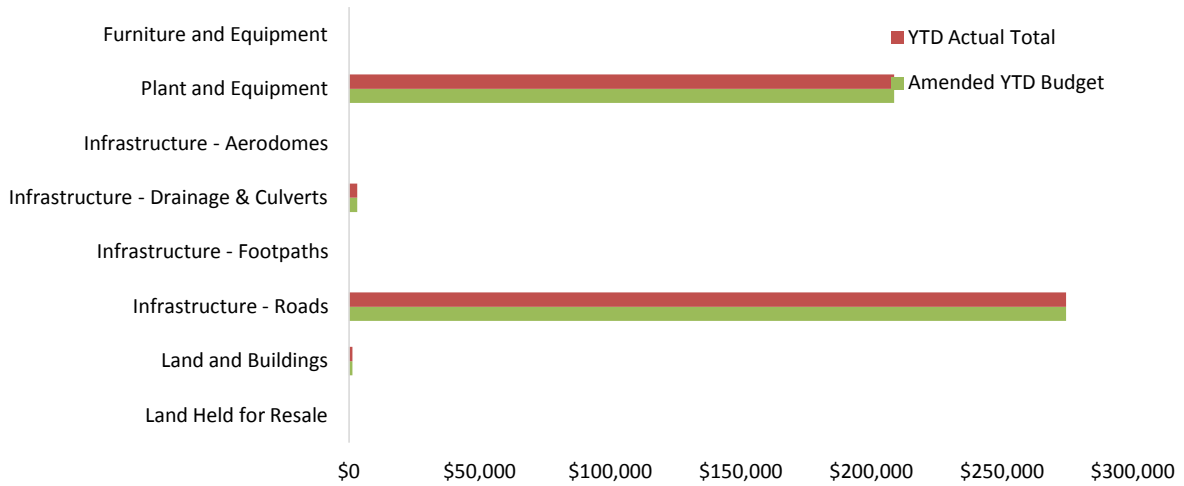
SUMMARY OF BILLING

| | |
|---------|-----------|
| Rates | 1,751,901 |
| Rubbish | 74,790 |
| ESL | 26,057 |
| | 1,852,748 |

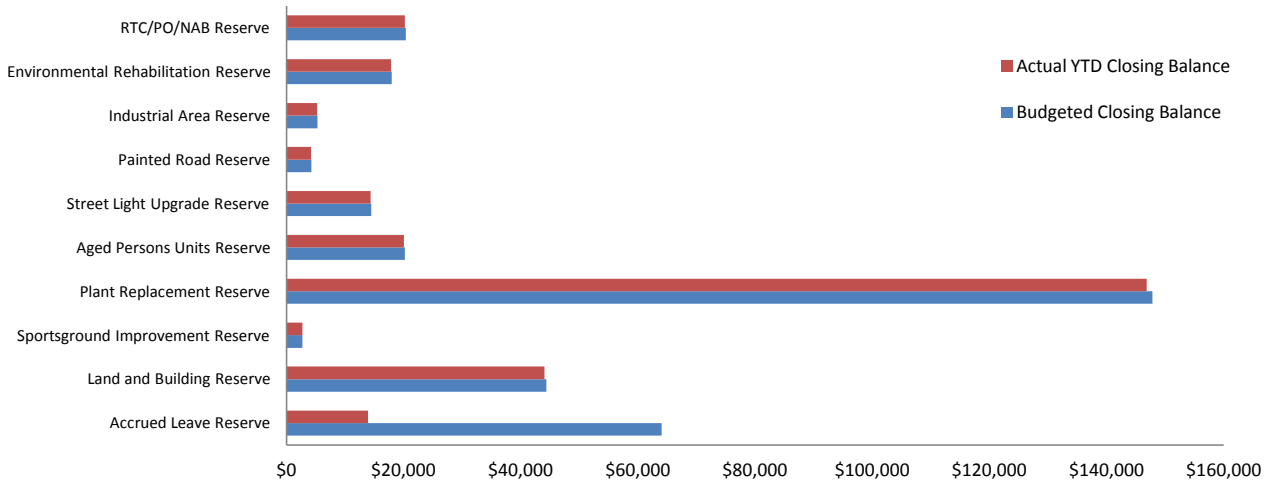
This information is to be read in conjunction with the accompanying Financial Statements and notes.

Shire of Mingenew
Monthly Summary Information
 For the Period Ended 30 November 2016

Capital Expenditure Program YTD (Refer Note 13)



Year To Date Reserve Balance to End of Year Estimate (Refer Note 7)



Comments

This information is to be read in conjunction with the accompanying Financial Statements and notes.

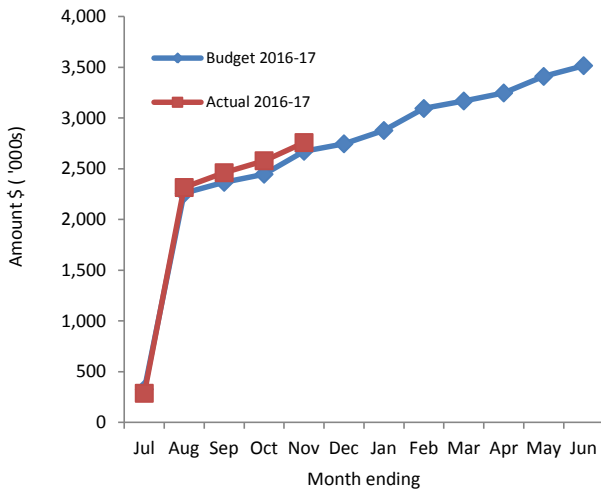
Shire of Mingenew

Monthly Summary Information

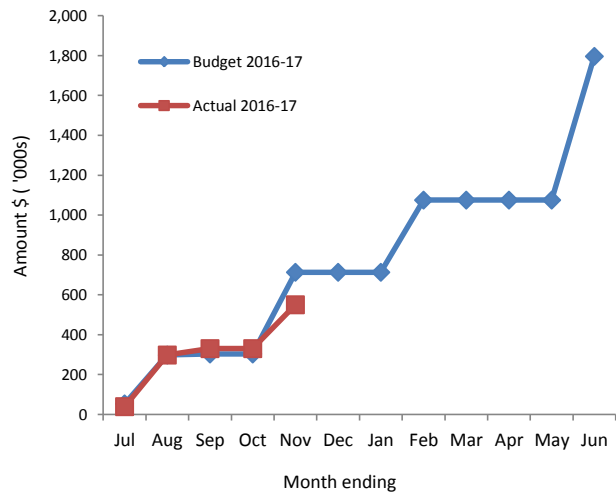
For the Period Ended 30 November 2016

Revenues

Budget Operating Revenues -v- Actual (Refer Note 2)

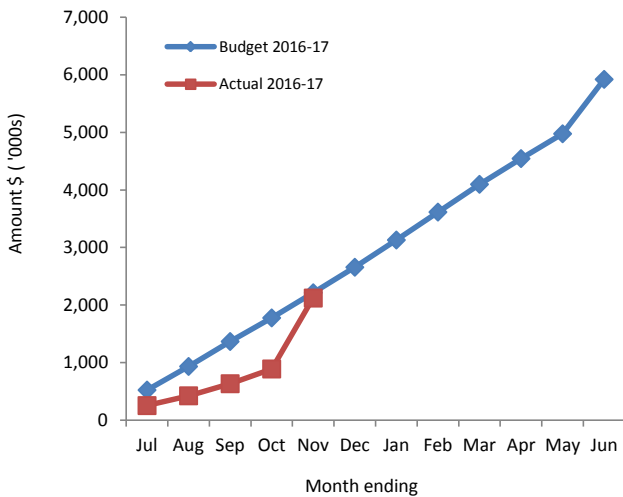


Budget Capital Revenue -v- Actual (Refer Note 2)

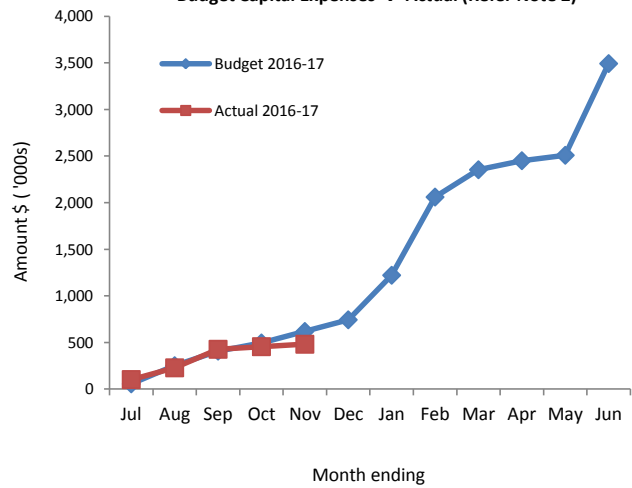


Expenditure

Budget Operating Expenses -v- YTD Actual (Refer Note 2)



Budget Capital Expenses -v- Actual (Refer Note 2)



Comments

This information is to be read in conjunction with the accompanying Financial Statements and notes.

SHIRE OF MINGENEW
STATEMENT OF FINANCIAL ACTIVITY
(Statutory Reporting Program)
For the Period Ended 30 November 2016

| Note | 2016/17 Forecast Budget | 2016/17 Original Budget (a) | 2016/17 YTD Budget (a) | 2016/17 YTD Actual (b) | Var. \$ (b)-(a) | Var. % (b)-(a)/(a) | Var. |
|--|-------------------------------|--------------------------------------|---------------------------------|---------------------------------|--------------------|-----------------------|------|
| Operating Revenues | | | | | | | |
| General Purpose Funding | \$ 2,384,752 | \$ 2,384,752 | \$ 2,135,244 | \$ 2,180,102 | \$ 44,858 | % 2.10% | |
| Governance | 7,099 | 7,099 | 2,923 | 14,051 | 11,128 | 380.71% | ▲ |
| Law, Order and Public Safety | 79,070 | 79,070 | 15,705 | 12,767 | (2,938) | (18.70%) | |
| Health | 301 | 301 | 125 | 270 | 145 | 116.00% | |
| Education and Welfare | 3,745 | 3,745 | 310 | 2,045 | 1,735 | 559.83% | |
| Housing | 118,733 | 118,733 | 48,355 | 43,886 | (4,469) | (9.24%) | |
| Community Amenities | 85,662 | 85,662 | 78,330 | 80,993 | 2,663 | 3.40% | |
| Recreation and Culture | 31,619 | 31,619 | 31,247 | 31,625 | 378 | 1.21% | |
| Transport | 684,827 | 684,827 | 283,714 | 282,559 | (1,155) | (0.41%) | |
| Economic Services | 6,824 | 6,824 | 2,825 | 3,152 | 327 | 11.58% | |
| Other Property and Services | 113,757 | 113,757 | 50,220 | 67,494 | 17,274 | 34.40% | ▲ |
| Total Operating Revenue | 3,516,389 | 3,516,389 | 2,648,998 | 2,718,946 | 25,090 | | |
| Operating Expense | | | | | | | |
| General Purpose Funding | (89,815) | (89,815) | (40,656) | (21,269) | 19,387 | 47.68% | ▲ |
| Governance | (217,483) | (217,483) | (129,488) | (109,844) | 19,644 | 15.17% | ▲ |
| Law, Order and Public Safety | (170,044) | (170,044) | (56,410) | (40,649) | 15,761 | 27.94% | ▲ |
| Health | (75,539) | (75,539) | (33,179) | (21,954) | 11,225 | 33.83% | ▲ |
| Education and Welfare | (71,760) | (71,760) | (30,397) | (25,823) | 4,574 | 15.05% | ▲ |
| Housing | (297,992) | (297,992) | (50,970) | (74,941) | (23,971) | (47.03%) | ▼ |
| Community Amenities | (372,924) | (372,924) | (87,335) | (75,719) | 11,616 | 13.30% | ▲ |
| Recreation and Culture | (1,122,947) | (1,122,947) | (462,138) | (464,985) | (2,847) | (0.62%) | |
| Transport | (2,661,632) | (2,661,632) | (1,110,606) | (1,223,695) | (113,089) | (10.18%) | ▼ |
| Economic Services | (395,022) | (395,022) | (128,880) | (107,334) | 21,546 | 16.72% | ▲ |
| Other Property and Services | 1,220 | 1,222 | (61,062) | 27,587 | 88,649 | 145.18% | ▲ |
| Total Operating Expenditure | (5,473,938) | (5,473,936) | (2,191,121) | (2,138,627) | 52,494 | | |
| Funding Balance Adjustments | | | | | | | |
| Add back Depreciation | 2,360,651 | 2,360,651 | 983,585 | 969,698 | (13,887) | (1.41%) | |
| Adjust (Profit)/Loss on Asset Disposal | (36,765) | (36,765) | 2,595 | 1,934 | (661) | (25.49%) | |
| Adjust Provisions and Accruals | 0 | 0 | 0 | 0 | 0 | | |
| Net Cash from Operations | 366,337 | 366,339 | 1,444,057 | 1,551,951 | 63,036 | | |
| Capital Revenues | | | | | | | |
| Grants, Subsidies and Contributions | 1,795,921 | 1,795,921 | 933,264 | 549,937 | (383,327) | (41.07%) | ▼ |
| Proceeds from Disposal of Assets | 447,000 | 447,000 | 186,250 | 199,583 | 13,333 | 7.16% | |
| Total Capital Revenues | 2,242,921 | 2,242,921 | 1,119,514 | 749,520 | (369,994) | | |
| Capital Expenses | | | | | | | |
| Land Held for Resale | (200,000) | (200,000) | 0 | 0 | 0 | | |
| Land and Buildings | (723,000) | (723,000) | (31,332) | (1,263) | 30,069 | 95.97% | ▲ |
| Infrastructure - Roads | (1,236,362) | (1,236,362) | (283,894) | (274,579) | 9,315 | 3.28% | |
| Infrastructure - Footpaths | 0 | 0 | 0 | 0 | 0 | | |
| Infrastructure - Drainage & Culverts | 0 | 0 | 0 | (3,102) | (3,102) | | |
| Infrastructure - Aerodomes | 0 | 0 | 0 | 0 | 0 | | |
| Infrastructure - Other | (445,690) | (445,690) | (35,000) | (35,551) | | | |
| Plant and Equipment | (600,000) | (600,000) | (167,800) | (208,674) | (40,874) | (24.36%) | ▼ |
| Furniture and Equipment | (14,500) | (14,500) | (3,000) | 0 | 3,000 | 100.00% | ▲ |
| Total Capital Expenditure | (3,219,552) | (3,219,552) | (521,026) | (523,170) | (1,592) | | |
| Net Cash from Capital Activities | (976,631) | (976,631) | 598,488 | 226,350 | (371,586) | | |
| Financing | | | | | | | |
| Proceeds from New Debentures | 0 | 0 | 0 | 0 | 0 | | |
| Proceeds from Advances | 0 | 0 | 0 | 0 | 0 | | |
| Self-Supporting Loan Principal | 0 | 0 | 0 | 0 | 0 | | |
| Transfer from Reserves | 0 | 0 | 0 | 0 | 0 | | |
| Advances to Community Groups | 0 | 0 | 0 | 0 | 0 | | |
| Repayment of Debentures | (181,409) | (181,409) | (90,702) | (89,556) | 1,146 | 1.26% | |
| Transfer to Reserves | (91,775) | (91,775) | (990) | (990) | 0 | 0.00% | |
| Net Cash from Financing Activities | (273,184) | (273,184) | (91,692) | (90,546) | 1,146 | | |
| Net Operations, Capital and Financing | (883,478) | (883,478) | 1,950,853 | 1,687,755 | (307,405) | | |
| Opening Funding Surplus(Deficit) | 688,089 | 688,089 | 688,089 | 655,550 | (32,539) | (4.73%) | |
| Closing Funding Surplus(Deficit) | (195,389) | (195,389) | 2,638,942 | 2,343,305 | (339,943) | | |

Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold.
Refer to Note 2 for an explanation of the reasons for the variance.

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

SHIRE OF MINGENEW
STATEMENT OF FINANCIAL ACTIVITY
(By Nature or Type)
For the Period Ended 30 November 2016

| | Note | 2016/17 Amended Annual Budget | 2016/17 Original Budget (a) | 2016/17 YTD Budget (a) | 2016/17 YTD Actual (b) | Var. \$ (b)-(a) | Var. % (b)-(a)/(a) | |
|---|------|-------------------------------------|-----------------------------------|---------------------------------|---------------------------------|--------------------|-----------------------|---|
| Operating Revenues | | | | | | | | |
| Rates | 9 | \$ 1,786,567 | \$ 1,786,567 | \$ 1,786,567 | \$ 1,770,375 | (16,193) | (0.91%) | |
| Operating Grants, Subsidies and Contributions | 11 | 827,184 | 827,184 | 465,915 | 550,003 | 84,087 | 18.05% | ▲ |
| Fees and Charges | | 248,886 | 248,886 | 168,497 | 176,058 | 7,561 | 4.49% | |
| Service Charges | | 0 | 0 | 0 | 0 | 0 | | |
| Interest Earnings | | 22,152 | 22,152 | 8,357 | 15,484 | 7,127 | 85.29% | |
| Other Revenue | | 588,600 | 588,600 | 219,662 | 206,350 | (13,312) | (6.06%) | |
| Profit on Disposal of Assets | 8 | 43,000 | 43,000 | 0 | 324 | | | |
| Total Operating Revenue | | 3,516,389 | 3,516,389 | 2,648,998 | 2,718,593 | 69,271 | | |
| Operating Expense | | | | | | | | |
| Employee Costs | | (1,017,429) | (1,017,429) | (409,119) | (461,779) | (52,660) | (12.87%) | ▼ |
| Materials and Contracts | | (1,119,309) | (1,119,309) | (355,955) | (309,109) | 46,846 | 13.16% | ▲ |
| Utility Charges | | (123,768) | (123,768) | (51,495) | (28,026) | 23,469 | 45.57% | ▲ |
| Depreciation on Non-Current Assets | | (2,360,651) | (2,360,651) | (983,585) | (969,698) | 13,887 | 1.41% | |
| Interest Expenses | | (54,270) | (54,270) | (27,046) | (10,801) | 16,245 | 60.07% | ▲ |
| Insurance Expenses | | (143,612) | (143,612) | (98,321) | (127,662) | (29,341) | (29.84%) | ▼ |
| Other Expenditure | | (648,664) | (648,662) | (263,005) | (228,944) | 34,061 | 12.95% | ▲ |
| Loss on Disposal of Assets | 8 | (6,235) | (6,235) | (2,595) | (2,258) | | | |
| Total Operating Expenditure | | (5,473,938) | (5,473,936) | (2,191,121) | (2,138,276) | 52,508 | | |
| Funding Balance Adjustments | | | | | | | | |
| Add back Depreciation | | 2,360,651 | 2,360,651 | 983,585 | 969,698 | (13,887) | (1.41%) | |
| Adjust (Profit)/Loss on Asset Disposal | 8 | (36,765) | (36,765) | 2,595 | 1,934 | (661) | (25.49%) | |
| Adjust Provisions and Accruals | | 0 | 0 | 0 | 0 | 0 | | |
| Net Cash from Operations | | 366,337 | 366,339 | 1,444,057 | 1,551,949 | 107,230 | | |
| Capital Revenues | | | | | | | | |
| Grants, Subsidies and Contributions | 11 | 1,795,921 | 1,795,921 | 933,264 | 549,937 | (383,327) | (41.07%) | ▼ |
| Proceeds from Disposal of Assets | 8 | 447,000 | 447,000 | 186,250 | 199,583 | 13,333 | 7.16% | |
| Total Capital Revenues | | 2,242,921 | 2,242,921 | 1,119,514 | 749,520 | (369,994) | | |
| Capital Expenses | | | | | | | | |
| Land Held for Resale | 13 | (200,000) | (200,000) | 0 | 0 | 0 | | |
| Land and Buildings | 13 | (723,000) | (723,000) | (31,332) | (1,263) | 30,069 | 95.97% | ▲ |
| Infrastructure - Roads | 13 | (1,236,362) | (1,236,362) | (283,894) | (274,579) | 9,315 | 3.28% | |
| Infrastructure - Footpaths | 13 | 0 | 0 | 0 | 0 | 0 | | |
| Infrastructure - Drainage & Culverts | 13 | 0 | 0 | 0 | (3,102) | (3,102) | | |
| Infrastructure - Aerodomes | 13 | 0 | 0 | 0 | 0 | 0 | | |
| Infrastructure - Other | 13 | (445,690) | (445,690) | (35,000) | (35,551) | | | |
| Plant and Equipment | 13 | (600,000) | (600,000) | (167,800) | (208,674) | (40,874) | (24.36%) | ▼ |
| Furniture and Equipment | 13 | (14,500) | (14,500) | (3,000) | 0 | 3,000 | 100.00% | ▲ |
| Total Capital Expenditure | | (3,219,552) | (3,219,552) | (521,026) | (523,170) | (1,592) | | |
| Net Cash from Capital Activities | | (976,631) | (976,631) | 598,488 | 226,350 | (371,586) | | |
| Financing | | | | | | | | |
| Proceeds from New Debentures | | 0 | 0 | 0 | 0 | 0 | | |
| Proceeds from Advances | | 0 | 0 | 0 | 0 | 0 | | |
| Self-Supporting Loan Principal | | 0 | 0 | 0 | 0 | 0 | | |
| Transfer from Reserves | 7 | 0 | 0 | 0 | 0 | 0 | | |
| Advances to Community Groups | | 0 | 0 | 0 | 0 | 0 | | |
| Repayment of Debentures | 10 | (181,409) | (181,409) | (90,702) | (89,556) | 1,146 | 1.26% | |
| Transfer to Reserves | 7 | (91,775) | (91,775) | (990) | (990) | 0 | 0.00% | |
| Net Cash from Financing Activities | | (273,184) | (273,184) | (91,692) | (90,546) | 1,146 | | |
| Net Operations, Capital and Financing | | (883,478) | (883,478) | 1,950,853 | 1,687,753 | (263,210) | | |
| Opening Funding Surplus(Deficit) | 3 | 688,089 | 688,089 | 688,089 | 655,550 | (32,539) | (4.73%) | |
| Closing Funding Surplus(Deficit) | 3 | (195,389) | (195,389) | 2,638,942 | 2,343,304 | (295,749) | | |

Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold.
Refer to Note 2 for an explanation of the reasons for the variance.

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

SHIRE OF MINGENEW
STATEMENT OF CAPITAL ACQUISITIONS AND CAPITAL FUNDING
For the Period Ended 30 November 2016

| | | YTD 30 11 2016 | | | | | |
|--------------------------------------|------|-----------------------------|--------------------------------------|--------------------------------|------------------------|-----------------------|--------------------|
| Capital Acquisitions | Note | YTD Actual New /Upgrade (a) | YTD Actual (Renewal Expenditure) (b) | YTD Actual Total (c) = (a)+(b) | Amended YTD Budget (d) | Amended Annual Budget | Variance (d) - (c) |
| Land Held for Resale | 13 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 200,000 | \$ 0 |
| Land and Buildings | 13 | 1,263 | 0 | 1,263 | 1,263 | 723,000 | 0 |
| Infrastructure - Roads | 13 | 274,579 | 0 | 274,579 | 274,579 | 1,236,362 | 0 |
| Infrastructure - Footpaths | 13 | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure - Drainage & Culverts | 13 | 0 | 3,102 | 3,102 | 3,102 | 0 | 0 |
| Infrastructure - Aerodomes | 13 | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure - Other | 13 | 35,551 | 0 | 35,551 | 35,551 | 445,690 | 0 |
| Plant and Equipment | 13 | 208,674 | 0 | 208,674 | 208,674 | 600,000 | 0 |
| Furniture and Equipment | 13 | 0 | 0 | 0 | 0 | 14,500 | 0 |
| Capital Expenditure Totals | | 520,067 | 3,102 | 523,170 | 523,170 | 3,219,552 | 0 |

Funded By:

| | | | | |
|--|------------------|------------------|------------------|----------------|
| Capital Grants and Contributions | 549,937 | 933,264 | 1,838,421 | 383,327 |
| Borrowings | 0 | 0 | 0 | 0 |
| Other (Disposals & C/Fwd) | 161,400 | 186,250 | 447,000 | (24,850) |
| Own Source Funding - Cash Backed Reserves | | | | |
| Land and Building Reserve | 0 | 0 | 0 | 0 |
| Sportsground Improvement Reserve | 0 | 0 | 0 | 0 |
| Plant Replacement Reserve | 0 | 0 | 0 | 0 |
| Aged Persons Units Reserve | 0 | 0 | 0 | 0 |
| Street Light Upgrade Reserve | 0 | 0 | 0 | 0 |
| Painted Road Reserve | 0 | 0 | 0 | 0 |
| Industrial Area Reserve | 0 | 0 | 0 | 0 |
| Total Own Source Funding - Cash Backed Reserves | 0 | 0 | 0 | 0 |
| Own Source Funding - Operations | (188,168) | (596,344) | 934,131 | 408,177 |
| Capital Funding Total | 523,170 | 523,170 | 3,219,552 | 0 |

Comments and graphs

Capital Expenditure Program YTD



SHIRE OF MINGENEW
STATEMENT OF BUDGET AMENDMENTS
(Statutory Reporting Program)
For the Period Ended 30 November 2016

| | Adopted Budget | Adopted Budget Amendments (Note 5) | Amended Annual Budget | Amended YTD Budget (a) |
|--|--------------------|------------------------------------|-----------------------|------------------------|
| Operating Revenues | \$ | \$ | \$ | \$ |
| General Purpose Funding | 2,384,752 | 0 | 2,384,752 | 2,135,244 |
| Governance | 7,099 | 0 | 7,099 | 2,923 |
| Law, Order and Public Safety | 79,070 | 0 | 79,070 | 15,705 |
| Health | 301 | 0 | 301 | 125 |
| Education and Welfare | 3,745 | 0 | 3,745 | 310 |
| Housing | 118,733 | 0 | 118,733 | 48,355 |
| Community Amenities | 85,662 | 0 | 85,662 | 78,330 |
| Recreation and Culture | 31,619 | 0 | 31,619 | 31,247 |
| Transport | 684,827 | 0 | 684,827 | 283,714 |
| Economic Services | 6,824 | 0 | 6,824 | 2,825 |
| Other Property and Services | 113,757 | 0 | 113,757 | 50,220 |
| Total Operating Revenue | 3,516,389 | 0 | 3,516,389 | 2,648,998 |
| Operating Expense | | | | |
| General Purpose Funding | (89,815) | 0 | (89,815) | (40,656) |
| Governance | (217,483) | 0 | (217,483) | (129,488) |
| Law, Order and Public Safety | (170,044) | 0 | (170,044) | (56,410) |
| Health | (75,539) | 0 | (75,539) | (33,179) |
| Education and Welfare | (71,760) | 0 | (71,760) | (30,397) |
| Housing | (297,992) | 0 | (297,992) | (50,970) |
| Community Amenities | (372,924) | 0 | (372,924) | (87,335) |
| Recreation and Culture | (1,122,947) | 0 | (1,122,947) | (462,138) |
| Transport | (2,661,632) | 0 | (2,661,632) | (1,110,606) |
| Economic Services | (395,022) | 0 | (395,022) | (128,880) |
| Other Property and Services | 1,222 | (2) | 1,220 | (61,062) |
| Total Operating Expenditure | (5,473,936) | (2) | (5,473,938) | (2,191,121) |
| Funding Balance Adjustments | | | | |
| Add back Depreciation | 2,360,651 | 0 | 2,360,651 | 983,585 |
| Adjust (Profit)/Loss on Asset Disposal | (36,765) | 0 | (36,765) | 2,595 |
| Adjust Provisions and Accruals | 0 | 0 | 0 | 0 |
| Net Cash from Operations | 366,339 | (2) | 366,337 | 1,444,057 |
| Capital Revenues | | | | |
| Grants, Subsidies and Contributions | 1,795,921 | 0 | 1,795,921 | 933,264 |
| Proceeds from Disposal of Assets | 447,000 | 0 | 447,000 | 186,250 |
| Total Capital Revenues | 2,242,921 | 0 | 2,242,921 | 1,119,514 |
| Capital Expenses | | | | |
| Land Held for Resale | (200,000) | 0 | (200,000) | 0 |
| Land and Buildings | (723,000) | 0 | (723,000) | (31,332) |
| Infrastructure - Roads | (1,236,362) | 0 | (1,236,362) | (283,894) |
| Infrastructure - Footpaths | 0 | 0 | 0 | 0 |
| Infrastructure - Drainage & Culverts | 0 | 0 | 0 | 0 |
| Infrastructure - Aerodomes | 0 | 0 | 0 | 0 |
| Infrastructure - Other | (445,690) | 0 | (445,690) | (35,000) |
| Plant and Equipment | (600,000) | 0 | (600,000) | (167,800) |
| Furniture and Equipment | (14,500) | 0 | (14,500) | (3,000) |
| Total Capital Expenditure | (3,219,552) | 0 | (3,219,552) | (521,026) |
| Net Cash from Capital Activities | (976,631) | 0 | (976,631) | 598,488 |
| Financing | | | | |
| Proceeds from New Debentures | 0 | 0 | 0 | 0 |
| Proceeds from Advances | 0 | 0 | 0 | 0 |
| Self-Supporting Loan Principal | 0 | 0 | 0 | 0 |
| Transfer from Reserves | 0 | 0 | 0 | 0 |
| Advances to Community Groups | 0 | 0 | 0 | 0 |
| Repayment of Debentures | (181,409) | 0 | (181,409) | (90,702) |
| Transfer to Reserves | (91,775) | 0 | (91,775) | (990) |
| Net Cash from Financing Activities | (273,184) | 0 | (273,184) | (91,692) |
| Net Operations, Capital and Financing | (883,478) | (2) | (883,478) | 1,950,853 |
| Opening Funding Surplus(Deficit) | 688,089 | 0 | 688,089 | 688,089 |
| Closing Funding Surplus(Deficit) | (195,389) | (2) | (195,389) | 2,638,942 |

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This statement comprises a special purpose financial report which has 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 statement are presented below and have been consistently applied unless stated otherwise.

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

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in this statement.

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 statement, but a separate statement of those monies appears at Note 12.

(c) Rounding Off Figures

All figures shown in this statement are rounded to the nearest dollar.

(d) 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.

(e) Goods and Services Tax

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.

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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.

(h) 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 Resale

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 Council's intentions to release for sale.

(i) Fixed Assets

All assets are initially recognised at cost. 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 local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation rates and periods are:

| | |
|---|----------------|
| Buildings | 25 to 50 years |
| Construction other than Buildings (Public Facilities) | 5 to 50 years |
| Furniture and Equipment | 4 to 10 years |
| Plant and Equipment | 5 to 15 years |
| Heritage Assets | 25 to 50 years |
| Roads | 25 years |
| Footpaths | 50 years |
| Sewerage Piping | 75 years |
| Water Supply Piping and Drainage Systems | 75 years |

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Shire has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Shire expects to pay and includes related on-costs.

(ii) Annual Leave and Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Shire does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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.

(n) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one of item included in the same class of obligations may be small.

(o) 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 Council's operational cycle. In the case of liabilities where Council 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 resale where it is held as non current based on Council's intentions to release for sale.

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Nature or Type Classifications

Rates

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.

Operating Grants, Subsidies and Contributions

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

Non-Operating Grants, Subsidies and Contributions

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

Profit on Asset Disposal

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

Fees and Charges

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, and other fees and charges.

Service Charges

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1996 identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Excludes rubbish removal charges, interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Other Revenue / Income

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

Employee Costs

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

Materials and Contracts

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

Utilities (Gas, Electricity, Water, etc.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Nature or Type Classifications (Continued)

Insurance

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

Loss on asset disposal

Loss on the disposal of fixed assets.

Depreciation on non-current assets

Depreciation expense raised on all classes of assets.

Interest expenses

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

Other expenditure

Statutory fees, taxes, provision for bad debts, member's fees or levies including WA Fire Brigade Levy and State taxes. Donations and subsidies made to community groups.

(r) Statement of Objectives

Council has adopted a 'Plan for the future' comprising a Strategic Community Plan and Corporate Business Plan to provide the long term community vision, aspirations and objectives.

Based upon feedback received from the community the vision of the Shire is:

"Standing proud, growing strong"

The Strategic Community Plan defines the key objectives of the Shire as:

"Economic: To be a diverse and innovative economy with a range of local employment opportunities.

Environment: A sustainable natural and built environment that meets current and future community needs.

Social: A safe and welcoming community where everyone has the opportunity to contribute and belong.

Civic Leadership: A collaborative and innovative community with strong and vibrant leadership."

(s) Reporting Programs

Council operations as disclosed in this statement encompass the following service orientated activities/programs:

GOVERNANCE

Expenses associated with provision of services to members of council and elections. Also included are costs associated with computer operations, corporate accounting, corporate records and asset management. Costs reported as administrative expenses are redistributed in accordance with the principle of activity based costing (ABC).

GENERAL PURPOSE FUNDING

Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues. The costs associated with raising the above mentioned revenues, eg. Valuation expenses, debt collection and overheads.

LAW, ORDER, PUBLIC SAFETY

Enforcement of Local Laws, fire prevention, animal control and provision of ranger services.

HEALTH

Health inspection services, food quality control, mosquito control and contributions towards provision of medical health services.

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Reporting Programs (Continued)

EDUCATION AND WELFARE

Support of day care for children. Autumn Centre for Senior Citizens.
Youth & seniors projects.

HOUSING

Provision and maintenance of rented housing accommodation for pensioners and employees.

COMMUNITY AMENITIES

Sanitation, sewerage, stormwater drainage, protection of the environment, public conveniences, cemeteries and town planning.

RECREATION AND CULTURE

Parks, gardens and recreation reserves, library services, walk trails, youth recreation,
Public halls and Mingenew Recreation Centre.

TRANSPORT

Construction and maintenance of roads, footpaths, drainage works, parking facilities, traffic control, depot operations, plant purchase and cleaning of streets.

ECONOMIC SERVICES

Tourism, community development, pest control, building services and private works.

OTHER PROPERTY & SERVICES

Plant works, plant overheads and stock of materials.

Note 2: EXPLANATION OF MATERIAL VARIANCES

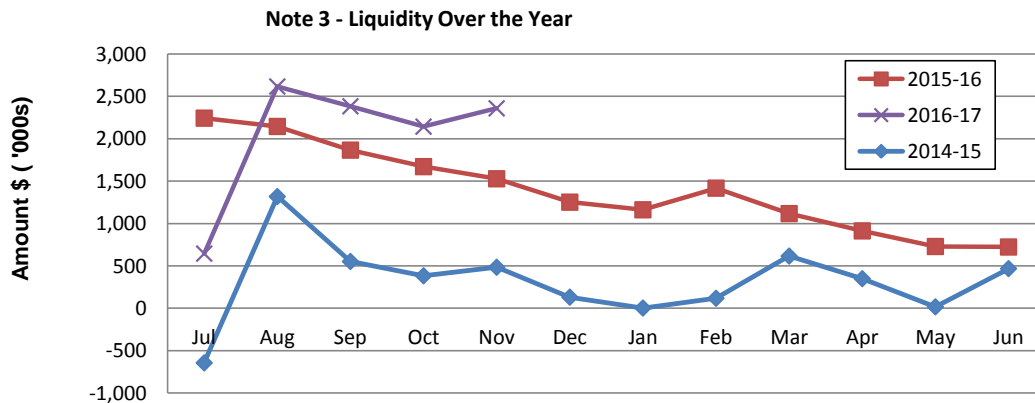
| Reporting Program | Var. \$ | Var. % | Var. | Timing/ Permanent | Explanation of Variance |
|--------------------------------------|-----------|----------|------|----------------------|--|
| Operating Revenues | \$ | % | | | |
| General Purpose Funding | 44,858 | 2.10% | | | |
| Governance | 11,128 | 380.71% | ▲ | | Trainee grant \$7500, Insurance Dividend \$2983 |
| Law, Order and Public Safety | (2,938) | (18.70%) | | | |
| Health | 145 | 116.00% | | | |
| Education and Welfare | 1,735 | 559.83% | | | |
| Housing | (4,469) | (9.24%) | | | |
| Community Amenities | 2,663 | 3.40% | | | |
| Recreation and Culture | 378 | 1.21% | | | |
| Transport | (1,155) | (0.41%) | | | |
| Economic Services | 327 | 11.58% | | | |
| Other Property and Services | 17,274 | 34.40% | ▲ | | MWIRSA Recoups up by \$14k |
| Operating Expenses | | | | | |
| General Purpose Funding | 19,387 | 47.68% | ▲ | | Rate Concessions given \$15,821 |
| Governance | 19,644 | 15.17% | ▲ | | Councillor training under budget \$5k, Housing allocated under budget \$17k |
| Law, Order and Public Safety | 15,761 | 27.94% | ▲ | | CESM not billed yet \$7500, Other Control expenses under budget \$4300, ESL Grant Expenditure under budget \$6k |
| Health | 11,225 | 33.83% | ▲ | | Medical practitioner support under budget \$6551 (reduced dental services to date), EHO Costs under budget \$1753, Maternal & Infant Health under budget \$2095 |
| Education and Welfare | 4,574 | 15.05% | ▲ | | Accrued loan interest \$1414, Senior Citizens building under budget \$1541 Seniors Activities under budget \$877 |
| Housing | (23,971) | (47.03%) | ▼ | | Housing less allocated under budget -\$41,838, housing mtce under budget \$8429, Accrued loan interest \$6539 |
| Community Amenities | 11,616 | 13.30% | ▲ | | Admin Allocation under budget \$2349 |
| Recreation and Culture | (2,847) | (0.62%) | | | Following item is currently under budget - Rubbish Site Mtce \$13k |
| Transport | (113,089) | (10.18%) | ▼ | | Following items are currently over budget - Mtce grading \$73k, Town Road Mtce \$21k, Rural Road Mtce \$35k |
| Economic Services | 21,546 | 16.72% | ▲ | | The following items are currently under budget - Admin allocations \$6k, Building services \$5k, T & P \$2660, Area Promotion \$1704, MIG Office \$1939 |
| Other Property and Services | 88,649 | 145.18% | ▲ | | Following items are currently under budget - Private Works \$5k, Sick & Holiday \$6k, LSL \$2805, Tyres \$7670, Parts & Repairs \$3439, Expenses Recoverable \$3855, Housing Allocations \$24k, Admin Allocations \$9k, Toolbox Talks \$3980, OHS \$3617 |
| Capital Revenues | | | | | |
| Grants, Subsidies and Contributions | (383,327) | (41.07%) | ▼ | | Timing of Independent Living Unit Grant |
| Proceeds from Disposal of Assets | 13,333 | 7.16% | | | |
| Capital Expenses | | | | | |
| Land Held for Resale | 0 | | | | |
| Land and Buildings | 30,069 | 95.97% | ▲ | | Capital works (Staff Housing) not yet commenced |
| Infrastructure - Roads | 9,315 | 3.28% | | | |
| Infrastructure - Footpaths | 0 | | | | |
| Infrastructure - Drainage & Culverts | (3,102) | | | | Moore Street drainage finalisation works |
| Infrastructure - Aerodomes | 0 | | | | |
| Plant and Equipment | (40,874) | (24.36%) | ▼ | | Timing of purchases |
| Furniture and Equipment | 3,000 | 100.00% | ▲ | | Timing of purchases |
| Financing | | | | | |
| Loan Principal | 1,146 | 1.26% | | | |

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 3: NET CURRENT FUNDING POSITION

| | | Positive=Surplus (Negative=Deficit) | | |
|---|------|-------------------------------------|----------------|------------------|
| | Note | YTD 30 Nov 2016 | 30th June 2016 | YTD 01 Dec 2015 |
| | | \$ | \$ | \$ |
| Current Assets | | | | |
| Cash - Unrestricted | 4 | 1,758,351 | 621,333 | 823,658 |
| Cash - Restricted Reserves | 4 | 309,610 | 308,620 | 273,917 |
| Cash - Restricted Unspent Grants | | 216,626 | 216,626 | 329,818 |
| Investments | | 0 | 0 | 0 |
| Rates - Current | 6 | 414,372 | 37,608 | 218,023 |
| Sundry Debtors | 6 | 5,936 | 1,951 | 10,577 |
| Provision for Doubtful Debts | | (1,585) | (1,585) | (1,585) |
| ESL Levy | | 0 | 4,431 | 0 |
| GST Receivable | | 13,147 | 4,060 | 11,542 |
| Receivables - Other | | 0 | 0 | 0 |
| Inventories - Fuel & Materials | | 6,903 | 13,285 | 3,694 |
| Inventories - Land Held for Resale | | 40,394 | 80,788 | 80,788 |
| | | 2,763,755 | 1,287,118 | 1,750,434 |
| Current Liabilities | | | | |
| Sundry Creditors | | (37,768) | (200,583) | (122,570) |
| GST Payable | | (16,551) | (10,022) | (3,575) |
| PAYG | | (14,150) | 4,497 | (20,009) |
| Accrued Interest on Debentures | | 0 | (34,074) | 24,810 |
| Accrued Salaries & Wages | | (1,977) | (1,977) | 0 |
| Current Employee Benefits Provision | | (261,493) | (261,493) | (239,906) |
| Current Loan Liability | | (91,854) | (181,410) | (87,321) |
| | | (423,794) | (685,063) | (448,571) |
| NET CURRENT ASSETS | | 2,339,961 | 602,055 | 1,301,863 |
| Less: | | | | |
| Cash - Restricted Reserves | | (309,610) | (308,620) | (273,917) |
| Inventories - Land Held for Resale | | (40,394) | (80,788) | (80,788) |
| Add Back: | | | | |
| Current Loan Liability | | 91,854 | 181,410 | 87,321 |
| Cash Backed Employee Provisions | 7 | 261,493 | 261,493 | 239,906 |
| Net Current Funding Position (Surplus / Deficit) | | 2,343,304 | 655,550 | 1,274,384 |

0



Comments - Net Current Funding Position

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 4: CASH AND INVESTMENTS

| | Interest Rate | Unrestricted \$ | Restricted \$ | Trust \$ | Total Amount \$ | Institution | Maturity Date |
|-------------------------------|---------------|------------------|----------------|----------------|------------------|-------------|---------------|
| (a) Cash Deposits | | | | | | | |
| Municipal Bank Account | 0.70% | 288,639 | 0 | | 288,639 | NAB | At Call |
| Trust Bank Account | 0.00% | | | 135,543 | 135,543 | NAB | At Call |
| Cash Maximiser Account (Muni) | 0.70% | 1,469,412 | 216,626 | | 1,686,038 | NAB | At Call |
| Cash On Hand | Nil | 300 | 0 | | 300 | NAB | At Call |
| Reserve Funds | 0.70% | 0 | 309,610 | | 309,610 | NAB | At Call |
| (b) Term Deposits | | | | | | | |
| Short Term Deposits | 0.00% | 0 | 0 | | 0 | | |
| Total | | 1,758,351 | 526,236 | 135,543 | 2,420,130 | | |

Comments/Notes - Investments

Restricted Cash

(1) Municipal Fund

| Purpose for Funds Being Restricted | Funding Organisation | Date to be Expended | Amount |
|------------------------------------|----------------------------|---------------------|----------------|
| 1 2014/15 Road Projects | Roads to Recovery | 30 June 2018 | 52,905 |
| 2 Rural Watch | Office of Crime Prevention | 30 September 2015 | 3,529 |
| 3 Mingenew Mullewa Rd | 2012/13 CLGF Individual | 28 February 2016 | - |
| 4 Town Revitalisation Plan | NPP | | 60,000 |
| 5 Town Planning Scheme | NPP | | 25,000 |
| 6 Yandanooka Melara Road | Roads to Recovery | | 75,191 |
| 7 | | | |
| Sub-total | | | 216,625 |

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 5: BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

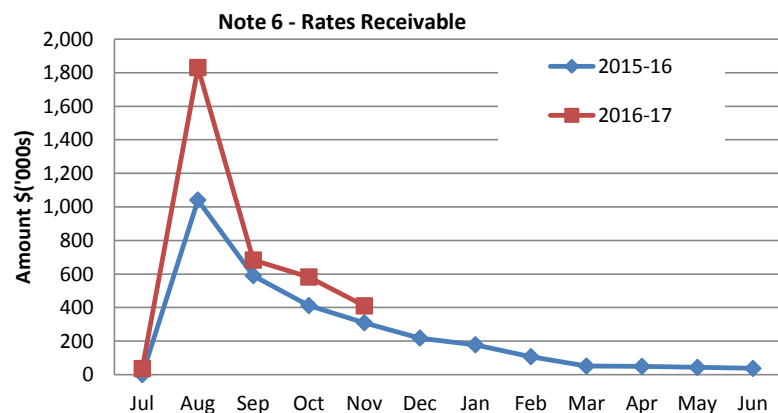
| GL Account Code | Description | Council Resolution | Classification | Non Cash Adjustment | Increase in Available Cash | Decrease in Available Cash | Amended Budget Running Balance |
|-----------------|------------------------|--------------------|-----------------|---------------------|----------------------------|----------------------------|--------------------------------|
| | Budget Adoption | | Opening Surplus | \$ | \$ | \$ | \$ 0 |
| | | | | 0 | 0 | 0 | |

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 6: RECEIVABLES

Receivables - Rates Receivable

| | YTD 30 Nov 2016 | 30 June 2016 |
|---------------------------------|-----------------|---------------|
| Opening Arrears Previous Years | \$ 37,608 | \$ 37,608 |
| Levied this year | 1,852,748 | 1,709,614 |
| <u>Less</u> Collections to date | (1,475,984) | (1,709,614) |
| Equals Current Outstanding | 414,372 | 37,608 |
| Net Rates Collectable | 414,372 | 37,608 |
| % Collected | 78.08% | 97.85% |



Comments/Notes - Receivables Rates

Instalment Due Dates:

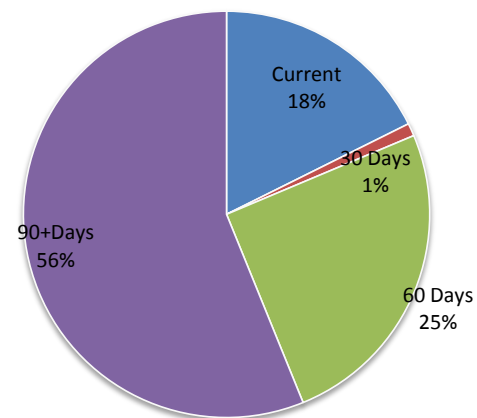
| | |
|--------------|-----------|
| Instalment 1 | 27-Sep-16 |
| Instalment 2 | 29-Nov-16 |
| Instalment 3 | 3-Feb-17 |
| Instalment 4 | 7-Apr-17 |

Receivables - General

| | Current | 30 Days | 60 Days | 90+Days |
|--|----------|---------|----------|--------------|
| Receivables - General | \$ 1,048 | \$ 60 | \$ 1,495 | \$ 3,333 |
| Total Receivables General Outstanding | | | | 5,936 |

Amounts shown above include GST (where applicable)

Note 6 - Accounts Receivable (non-rates)



Comments/Notes - Receivables General

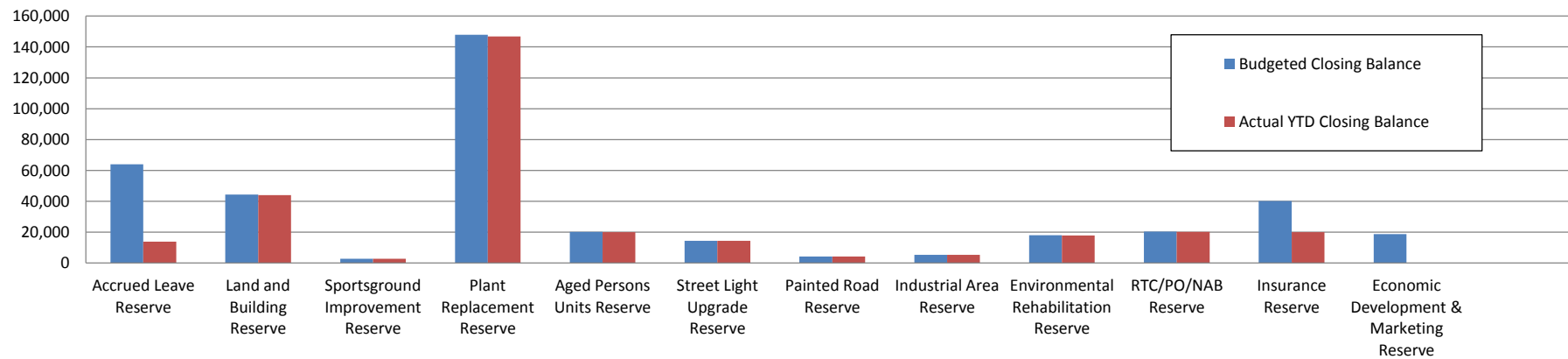
\$3,135 of the >90 days relates to annual sporting club charges (Cricket)

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 7: Cash Backed Reserve

| Name | Opening Balance | Budget Interest Earned | Actual Interest Earned | Budget Transfers In (+) | YTD Actual Transfers In (+) | YTD Budget Transfers Out (-) | YTD Actual Transfers Out (-) | Transfer out Reference | Budgeted Closing Balance | Actual YTD Closing Balance |
|--|-----------------|------------------------|------------------------|-------------------------|-----------------------------|------------------------------|------------------------------|------------------------|--------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | \$ | \$ |
| Accrued Leave Reserve | 13,907 | 139 | 45 | 50,000 | 0 | 0 | 0 | | 64,046 | 13,952 |
| Land and Building Reserve | 43,920 | 439 | 141 | 0 | 0 | 0 | 0 | | 44,359 | 44,061 |
| Sportsground Improvement Reserve | 2,695 | 27 | 9 | 0 | 0 | 0 | 0 | | 2,722 | 2,703 |
| Plant Replacement Reserve | 146,392 | 1,460 | 470 | 0 | 0 | 0 | 0 | | 147,852 | 146,861 |
| Aged Persons Units Reserve | 20,002 | 200 | 64 | 0 | 0 | 0 | 0 | | 20,202 | 20,067 |
| Street Light Upgrade Reserve | 14,307 | 143 | 46 | 0 | 0 | 0 | 0 | | 14,450 | 14,352 |
| Painted Road Reserve | 4,202 | 42 | 13 | 0 | 0 | 0 | 0 | | 4,244 | 4,215 |
| Industrial Area Reserve | 5,228 | 52 | 17 | 0 | 0 | 0 | 0 | | 5,280 | 5,244 |
| Environmental Rehabilitation Reserve | 17,799 | 178 | 57 | 0 | 0 | 0 | 0 | | 17,977 | 17,856 |
| RTC/PO/NAB Reserve | 20,153 | 202 | 65 | 0 | 0 | 0 | 0 | | 20,355 | 20,218 |
| Insurance Reserve | 20,016 | 200 | 64 | 20,000 | 0 | 0 | 0 | | 40,216 | 20,080 |
| Economic Development & Marketing Reserve | 0 | 0 | 0 | 18,693 | 0 | 0 | 0 | | 18,693 | 0 |
| | 308,620 | 3,082 | 990 | 88,693 | 0 | 0 | 0 | 0 | 400,395 | 309,610 |

Note 7 - Year To Date Reserve Balance to End of Year Estimate



SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 8 CAPITAL DISPOSALS

| Actual YTD Profit/(Loss) of Asset Disposal | | | | Disposals | Amended Current Budget | | | Comments |
|--|----------------|----------------|----------------|-----------------------------------|------------------------------|------------------------------|-----------------|----------------------|
| Cost | Accum Depr | Proceeds | Profit (Loss) | | YTD 30 11 2016 | | | |
| | | | | | 2016/17 Budget Profit/(Loss) | 2016/17 Actual Profit/(Loss) | Variance | |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | | |
| | | | | Plant and Equipment | | | | |
| 42,989 | | 41,170 | (1,819) | CEO Vehicle (2) | 0 | 324 | 324 | 1 x changeover done |
| 83,070 | (1,035) | 79,434 | (2,601) | DCEO Vehicle (4) | 0 | (830) | (830) | 2 x changeovers done |
| 41,512 | (682) | 40,796 | (34) | Works Manager Vehicle (3) | 0 | (34) | (34) | 1 x changeover done |
| | | | 0 | 11 Tonne Dual Cab Truck (A# 0591) | 43,000 | 0 | (43,000) | |
| 167,571 | (1,717) | 161,400 | (4,454) | | 43,000 | (540) | (43,540) | |

Comments - Capital Disposal/Replacements

Management vehicles are scheduled to be changed over at 15,000kms

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

| Note 9: RATING INFORMATION | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | 2016/17 Budget Rate Revenue \$ | 2016/17 Budget Interim Rate \$ | 2016/17 Budget Back Rate \$ | 2016/17 Budget Total Revenue \$ |
|----------------------------------|-----------------------|----------------------------|-------------------------|-----------------------|------------------------|---------------------|------------------------|---|---|--------------------------------------|--|
| RATE TYPE | | | | | | | | | | | |
| General Rate | | | | | | | | | | | |
| GRV - Mingenew & Yandanooka | 13.5884 | 145 | 1,568,940 | 212,194 | (1,077) | | 211,116 | 213,194 | | | 213,194 |
| UV - Rural & Mining | 1.4014 | 113 | 102,310,000 | 1,433,772 | | | 1,433,772 | 1,433,767 | | | 1,433,767 |
| Sub-Totals | | 258 | 103,878,940 | 1,645,966 | (1,077) | 0 | 1,644,889 | 1,646,961 | 0 | 0 | 1,646,961 |
| Minimum Payment | Minimum \$ | | | | | | | | | | |
| GRV - Mingenew & Yandanooka | 655 | 77 | 90,176 | 50,435 | 655 | | 51,090 | 55,675 | 0 | 0 | 55,675 |
| UV - Rural & Mining | 1500 | 37 | 1,353,478 | 55,500 | | | 55,500 | 55,500 | 0 | 0 | 55,500 |
| Sub-Totals | | 114 | 1,443,654 | 105,935 | 655 | 0 | 106,590 | 111,175 | 0 | 0 | 111,175 |
| Concessions | | | | | | | 1,751,479 | | | | 1,758,136 |
| Amount from General Rates | | | | | | | (15,822) | | | | (6,235) |
| Ex-Gratia Rates (CBH) | | | | | | | 1,735,657 | | | | 1,751,901 |
| Specified Area Rates | | | | | | | 34,657 | | | | 34,666 |
| Totals | | | | | | | 0 | | | | 0 |
| | | | | | | | 1,770,314 | | | | 1,786,567 |

Comments - Rating Information

No differential rates levied in 2016/17

Concession provided on GRV properties in Yandanooka Townsite of 50%

Concession provided on UV minimum properties (Resolved at October meeting)

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

10. INFORMATION ON BORROWINGS

(a) Debenture Repayments

| Particulars | Principal 1-Jul-16 | New Loans | Principal Repayments | | Principal Outstanding | | Interest Repayments | |
|--------------------------------------|-----------------------|--------------|-------------------------|------------|--------------------------|---------|------------------------|--------|
| | | | YTD Actual | YTD Budget | YTD Actual | Budget | YTD Actual | Budget |
| | | | \$ | \$ | \$ | \$ | \$ | \$ |
| Education & Welfare | | | | | | | | |
| Loan 137 - Senior Citizens Buildings | 96,719 | | 2,505 | 2,543 | 94,214 | 94,176 | 1,798 | 6,424 |
| Housing | | | | | | | | |
| Loan 133 - Triplex | 73,136 | | 5,589 | 5,685 | 67,547 | 67,451 | 769 | 5,317 |
| Loan 134 - SC Housing | 52,130 | | 2,781 | 2,824 | 49,349 | 49,306 | 628 | 3,516 |
| Loan 136 - Staff Housing | 118,462 | | 3,803 | 3,863 | 114,659 | 114,599 | 1,747 | 8,230 |
| Loan 142 - Staff Housing | 65,811 | | 4,769 | 4,829 | 61,042 | 60,982 | 667 | 3,639 |
| Recreation & Culture | | | | | | | | |
| Loan 138 - Pavilion Fitout | 92,850 | | 2,405 | 2,441 | 90,445 | 90,409 | 1,726 | 6,167 |
| Transport | | | | | | | | |
| Loan 139 - Roller | 39,168 | | 7,336 | 7,456 | 31,832 | 31,712 | 470 | 2,603 |
| Loan 141 - Grader | 106,509 | | 11,950 | 12,133 | 94,559 | 94,376 | 1,017 | 6,909 |
| Loan 143 - 2 x Trucks | 54,770 | | 27,066 | 27,385 | 27,704 | 27,385 | 523 | 2,329 |
| Loan 144 - Side Tipping Trailer | 65,812 | | 4,769 | 4,829 | 61,043 | 60,983 | 667 | 3,639 |
| Loan 145 - Drum Roller | 121,810 | 0 | 16,581 | 16,714 | 105,229 | 105,096 | 790 | 4,497 |
| | 887,177 | 0 | 89,556 | 90,702 | 797,621 | 796,475 | 10,801 | 53,270 |

All debenture repayments were financed by general purpose revenue.

Interest Repayment Actual YTD shows negative balances due to Interest accrual to 30 June 2016.

(b) New Debentures

Nil

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 11: GRANTS AND CONTRIBUTIONS

| Program/Details GL | Grant Provider | Approval | 2016-17 Forecast Budget | 2016-17 Original Budget | Variations Additions (Deletions) | Operating 2016/17 Budget | Capital 2016/17 Budget | Recoup Status | |
|--------------------------------------|--|----------|-------------------------------|-------------------------------|--|--------------------------------|------------------------------|-----------------------|-----------------------|
| | | | | | | | | 2016-17 YTD Actual | 2016-17 YTD Budget |
| | | (Y/N) | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| GENERAL PURPOSE FUNDING | | | | | | | | | |
| Financial Assistance Grant - Roads | Grants Commission | Y | 300,824 | 300,824 | 0 | 300,824 | 0 | 203,943 | 150,412 |
| Financial Assistance Grant - General | Grants Commission | Y | 274,126 | 274,126 | 0 | 274,126 | 0 | 188,255 | 137,062 |
| LAW, ORDER, PUBLIC SAFETY | | | | | | | | | |
| ESL Administration Grant | Department of Fire & Emergency Services | Y | 4,400 | 4,400 | 0 | 4,400 | 0 | 0 | 4,400 |
| ESL Annual Grant | Department of Fire & Emergency Services | Y | 26,500 | 26,500 | 0 | 26,500 | 0 | 10,625 | 6,625 |
| Bushfire Management Plan | Department of Fire & Emergency Services | Y | 42,500 | 42,500 | 0 | 0 | 42,500 | 0 | 0 |
| HEALTH | | | | | | | | | |
| Childcare Facility Upgrade | MWDC | N | 70,000 | 70,000 | 0 | 0 | 70,000 | 0 | 0 |
| EDUCATION & WELFARE | | | | | | | | | |
| Seniors Week Grant | COTAWA | N | 1,000 | 1,000 | 0 | 1,000 | 0 | 1,000 | 0 |
| Community Christmas Tree | CBH | N | 2,000 | 2,000 | 0 | 2,000 | 0 | 0 | 0 |
| HOUSING | | | | | | | | | |
| Independent Living Units | WCHS | Y | 395,545 | 395,545 | 0 | 0 | 395,545 | 31,818 | 395,545 |
| COMMUNITY AMENITIES | | | | | | | | | |
| Town Planning | NPP | Y | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Thank a Volunteer Day | Department of Local Government & Communities | N | 1,000 | 1,000 | 0 | 1,000 | 0 | 0 | 0 |
| Anzac Day | TBA | N | 3,000 | 3,000 | 0 | 3,000 | 0 | 0 | 0 |
| Rural Womens Day | TBA | N | 1,000 | 1,000 | 0 | 1,000 | 0 | 4,000 | 0 |
| Transfer Station | Mid West Development Commission | Y | 50,000 | 50,000 | 0 | 0 | 50,000 | 45,000 | 50,000 |
| RECREATION AND CULTURE | | | | | | | | | |
| Museum | Lotterywest | N | 10,000 | 10,000 | 0 | 0 | 10,000 | 0 | 10,000 |
| Museum | Museum Committee | Y | 5,000 | 5,000 | 0 | 0 | 5,000 | 0 | 0 |
| Enarty Barn | TBA | N | 50,000 | 50,000 | 0 | 0 | 50,000 | 0 | 0 |
| Littlewell | TBA | N | 15,000 | 15,000 | 0 | 0 | 15,000 | 0 | 0 |
| Railway Station | Lotterywest | N | 35,000 | 35,000 | 0 | 0 | 35,000 | 0 | 0 |
| Football Oval Lights | DSR | Y | 50,000 | 50,000 | 0 | 0 | 150,000 | 0 | 0 |
| Football Oval Lights | Football Club | Y | 30,000 | 30,000 | 0 | 0 | 30,000 | 0 | 0 |
| Hockey Oval Lights | Hockey Club | Y | 13,200 | 13,200 | 0 | 0 | 13,200 | 13,200 | 0 |
| TRANSPORT | | | | | | | | | |
| Direct Grant | Main Roads WA | Y | 72,224 | 72,224 | 0 | 72,224 | 0 | 72,224 | 72,224 |
| Blackspot Funding | Main Roads WA | Y | 40,000 | 40,000 | 0 | 0 | 40,000 | 16,000 | 16,000 |
| Regional Road Group | Main Roads WA | Y | 386,000 | 386,000 | 0 | 0 | 386,000 | 154,400 | 154,000 |
| Roads To Recovery | Department of Infrastructure | Y | 431,176 | 431,176 | 0 | 0 | 431,176 | 289,519 | 289,519 |
| Street Lighting | Main Roads WA | Y | 2,000 | 2,000 | 0 | 2,000 | 0 | 0 | 0 |
| ECONOMIC SERVICES | | | | | | | | | |
| Mingenev Hill Walk Trail | TBA | N | 15,000 | 15,000 | 0 | 0 | 15,000 | 0 | 0 |
| OTHER PROPERTY & SERVICES | | | | | | | | | |
| Industrial Subdivision | Mid West Development Commission | N | 100,000 | 100,000 | 0 | 0 | 100,000 | 0 | 0 |
| Rural Residential Subdivision | Mid West Development Commission | N | 100,000 | 100,000 | 0 | 0 | 100,000 | 0 | 0 |
| TOTALS | | | 2,526,495 | 2,526,495 | 0 | 688,074 | 1,938,421 | 1,029,984 | 1,285,787 |

| | | | | | | | |
|---------------|---------------|------------------|------------------|--|--|------------------|------------------|
| Operating | Operating | 688,074 | 688,074 | | | 480,047 | 370,723 |
| Non-Operating | Non-operating | 1,838,421 | 1,838,421 | | | 549,937 | 915,064 |
| | | <u>2,526,495</u> | <u>2,526,495</u> | | | <u>1,029,984</u> | <u>1,285,787</u> |

SHIRE OF MINGENEW
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 30 November 2016

Note 12: TRUST FUND

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

| Description | Opening Balance 1 Jul 16 | Amount Received | Amount Paid | Closing Balance 30-Nov-16 |
|--|-----------------------------|--------------------|-----------------|------------------------------|
| | \$ | \$ | \$ | \$ |
| BCITF Levy | 1,374 | 396 | (1,769) | 0 |
| BRB Levy | 1,086 | 348 | (1,374) | 60 |
| Autumn Committee | 974 | 0 | 0 | 974 |
| Community Bus | 2,060 | 100 | 0 | 2,160 |
| ANZAC Day Breakfast Donation | 501 | 0 | 0 | 501 |
| Building Relocation Bond | 1,000 | 0 | 0 | 1,000 |
| Mid West Industry Road Safety Alliance | 35,217 | 52,250 | (31,318) | 56,149 |
| Mingenev Cemetery Group | 4,314 | 0 | 0 | 4,314 |
| Other Bonds | 2,558 | 20 | (70) | 2,508 |
| Rates Incentive Prizes | 200 | 0 | (100) | 100 |
| Rec Centre Kitchen Upgrade | | 0 | 0 | 0 |
| Sinosteel Community Trust Fund | 63,415 | 0 | 0 | 63,415 |
| Tree Planter - LCDC | 88 | 0 | 0 | 88 |
| Weary Dunlop Memorial | 87 | 0 | 0 | 87 |
| Mingenev P & C - NBN Rental | | 0 | 0 | 0 |
| Joan Trust | 961 | 1,200 | 0 | 2,161 |
| Youth Advisory Council | 746 | 0 | 0 | 746 |
| Centenary Committee | 897 | 0 | 0 | 897 |
| Community Christmas Tree | 132 | 200 | 0 | 332 |
| Silverchain Committee | 2,268 | 0 | (2,268) | 0 |
| Nomination Fees | | 0 | 0 | 0 |
| Seniors Donations | | 50 | 0 | 50 |
| | 117,878 | 54,564 | (36,898) | 135,543 |

SHIRE OF MINGENEW
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 30 November 2016

Note 13: CAPITAL ACQUISITIONS

| Level of Completion Indicator | Infrastructure Assets | Amended Annual Budget | Original Full Year Budget | YTD Budget | YTD Actual | Variance (Over)/Under | Comment |
|-------------------------------|---|-----------------------|---------------------------|----------------|---------------|-----------------------|----------------|
| | Land Held for Resale | | | | | | |
| | Community Amenities | | | | | | |
| | Other Property & Services | | | | | | |
| | Industrial Area Development | 4504 | 100,000 | 100,000 | 0 | 0 | 100,000 |
| | Rural Residential Area Development | 4644 | 100,000 | 100,000 | 0 | 0 | 100,000 |
| | Other Property & Services Total | | 200,000 | 200,000 | 0 | 0 | 0 |
| | Land Held for Resale Total | | 200,000 | 200,000 | 0 | 0 | 0 |
| | Land & Buildings | | | | | | |
| | Governance | | | | | | |
| | Shire Office | 0594 | 15,000 | 15,000 | 0 | 0 | 15,000 |
| | Housing Total | | 15,000 | 15,000 | 0 | 0 | 15,000 |
| | Health | | | | | | |
| | Child Care Facility | 0075 | 80,000 | 80,000 | 0 | 0 | 80,000 |
| | Health Total | | 80,000 | 80,000 | 0 | 0 | 80,000 |
| | Education & Welfare | | | | | | |
| | Men's Shed Ablution Block | 0048 | 0 | 0 | 0 | 0 | 0 |
| | Education & Welfare Total | | 0 | 0 | 0 | 0 | 0 |
| | Land & Buildings | | | | | | |
| | Housing | | | | | | |
| | Construction - Staff Housing | 9003 | 5,000 | 5,000 | 0 | 0 | 5,000 |
| | Construction - Staff Housing | 9005 | 10,000 | 10,000 | 0 | 0 | 10,000 |
| | Construction - Staff Housing | 9006 | 7,000 | 7,000 | 4,666 | 0 | 7,000 |
| | Construction - Staff Housing | 9010 | 10,000 | 10,000 | 6,666 | 0 | 10,000 |
| | Aged Care Units | 0165 | 450,000 | 450,000 | 0 | 1,263 | 448,737 |
| | Silver Chain House | 0166 | 11,000 | 11,000 | 0 | 0 | 11,000 |
| | Housing Total | | 493,000 | 493,000 | 11,332 | 1,263 | 491,737 |
| | Recreation And Culture | | | | | | |
| | Enanty Barn | 0067 | 50,000 | 50,000 | 0 | 0 | 50,000 |
| | Museum | 0068 | 20,000 | 20,000 | 20,000 | 0 | 20,000 |
| | Old Roads Building | 0069 | 12,000 | 12,000 | 0 | 0 | 12,000 |
| | Old Railway Station | 0070 | 35,000 | 35,000 | 0 | 0 | 35,000 |
| | Recreation And Culture Total | | 117,000 | 117,000 | 20,000 | 0 | 117,000 |
| | Transport Total | | | | | | |
| | Depot | 0027 | 18,000 | 18,000 | 0 | 0 | 18,000 |
| | Transport Total | | 18,000 | 18,000 | 0 | 0 | 18,000 |
| | Economic Services | | | | | | |
| | Business Incubator | 5964 | 0 | 0 | 0 | 0 | 0 |
| | Economic Services Total | | 0 | 0 | 0 | 0 | 0 |
| | Land & Buildings Total | | 723,000 | 723,000 | 31,332 | 1,263 | 721,737 |
| | Infrastructure - Drainage/Culverts | | | | | | |
| | Transport | | | | | | |
| | Moore Street Drainage | 3284 | 0 | 0 | 0 | 3,102 | (3,102) |
| | Transport Total | | 0 | 0 | 0 | 3,102 | (3,102) |
| | Infrastructure - Drainage/Culverts Total | | 0 | 0 | 0 | 3,102 | (3,102) |

SHIRE OF MINGENEW
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 30 November 2016

Note 13: CAPITAL ACQUISITIONS

| Level of Completion Indicator | Infrastructure Assets | Amended Annual Budget | Original Full Year Budget | YTD Budget | YTD Actual | Variance (Over)/Under | Comment |
|--------------------------------------|--|-----------------------|---------------------------|----------------|---------------|-----------------------|----------------|
| Infrastructure - Footpaths | | | | | | | |
| Transport | | | | | | | |
| | Midlands Road Town Footpaths | 1291 | 0 | 0 | 0 | 0 | |
| | Transport Total | | 0 | 0 | 0 | 0 | |
| | Infrastructure - Footpaths Total | | 0 | 0 | 0 | 0 | |
| Infrastructure - Other | | | | | | | |
| Community Amenities | | | | | | | |
| | Waste Transfer Station | 3084 | 185,381 | 185,381 | 0 | 0 | 185,381 |
| | Little Well Project | 0071 | 45,309 | 45,309 | 0 | 0 | 45,309 |
| | Mingenew Hill Project | 0142 | 30,000 | 30,000 | 0 | 0 | 30,000 |
| | Community Amenities Total | | 260,690 | 260,690 | 0 | 0 | 260,690 |
| Recreation | | | | | | | |
| | Hockey Oval Lights | 0076 | 35,000 | 35,000 | 35,000 | 35,000 | 0 |
| | RV Friendly Site Development | 0077 | 0 | 0 | 0 | 170 | (170) |
| | Football Oval Lights | 0140 | 130,000 | 130,000 | 0 | 381 | 129,619 |
| | Water Tanks & Reticulation | 0167 | 20,000 | 20,000 | 0 | 0 | 20,000 |
| | Community Amenities Total | | 185,000 | 185,000 | 35,000 | 35,551 | 149,449 |
| | Infrastructure - Other Total | | 445,690 | 445,690 | 35,000 | 35,551 | 410,139 |
| Furniture & Office Equip. | | | | | | | |
| Governance | | | | | | | |
| | Electronic Whiteboard | 0014 | 3,500 | 3,500 | 0 | 0 | 3,500 |
| | Replacement Computers | 0574 | 8,000 | 8,000 | 0 | 0 | 8,000 |
| | Governance Total | | 11,500 | 11,500 | 0 | 0 | 11,500 |
| Recreation | | | | | | | |
| | Christmas Lights | 0065 | 3,000 | 3,000 | 3,000 | 0 | 3,000 |
| | Recreation Total | | 3,000 | 3,000 | 3,000 | 0 | 3,000 |
| Transport | | | | | | | |
| | Nil | | | | 0 | 0 | 0 |
| | Transport Total | | 0 | 0 | 0 | 0 | 0 |
| | Furniture & Office Equip. Total | | 14,500 | 14,500 | 3,000 | 0 | 14,500 |
| | Infrastructure - Aerodomes Total | | 0 | 0 | 0 | 0 | 0 |

SHIRE OF MINGENEW
 NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
 For the Period Ended 30 November 2016

Note 13: CAPITAL ACQUISITIONS

| Level of Completion Indicator | Infrastructure Assets | Amended Annual Budget | Original Full Year Budget | YTD Budget | YTD Actual | Variance (Over)/Under | Comment |
|--|--|-----------------------|---------------------------|------------------|----------------|-----------------------|------------------|
| Plant , Equip. & Vehicles | | | | | | | |
| Governance | | | | | | | |
| | CEO Vehicle Replacement | 0554 | 90,000 | 90,000 | 43,000 | 42,989 | 47,011 |
| | DCEO Vehicle Replacement | 0554 | 180,000 | 180,000 | 84,000 | 83,070 | 96,930 |
| | 30 KVA Generator | 0554 | 15,000 | 15,000 | | | 15,000 |
| Governance Total | | | 285,000 | 285,000 | 127,000 | 126,059 | 158,941 |
| Transport | | | | | | | |
| | Works Manager Vehicle | 0170 | 135,000 | 135,000 | 40,800 | 82,615 | 52,385 |
| | Sundry Plant | 0171 | 10,000 | 10,000 | 0 | 0 | 10,000 |
| | Dual Cab Truck | 0173 | 100,000 | 100,000 | 0 | 0 | 100,000 |
| | Ride On Mower | 0176 | 30,000 | 30,000 | 0 | 0 | 30,000 |
| | Road Broom | 0177 | 20,000 | 20,000 | 0 | 0 | 20,000 |
| | Slasher | 0178 | 20,000 | 20,000 | 0 | 0 | 20,000 |
| Transport Total | | | 315,000 | 315,000 | 40,800 | 82,615 | 232,385 |
| Plant , Equip. & Vehicles Total | | | 600,000 | 600,000 | 167,800 | 208,674 | 391,326 |
| Roads & Bridges | | | | | | | |
| Transport | | | | | | | |
| | Yandanooka NE Intersection | BS05 | 60,000 | 60,000 | 0 | 0 | 60,000 |
| | Roadworks Construction - Own Resources | 0001 | 66,184 | 66,184 | 0 | 0 | 66,184 |
| | Depot Hill North Road (R2R) | 6066 | 168,319 | 168,319 | 168,314 | 115,708 | 52,611 |
| | Yandanooka Melara Rd (R2R) | 6067 | 138,347 | 138,347 | 115,580 | 158,716 | (20,369) |
| | Mooriary Road (R2R) | 6074 | 224,512 | 224,512 | 0 | 0 | 224,512 |
| | Depot Hill Road Reseal (RRG) | RR62 | 139,000 | 139,000 | 0 | 0 | 139,000 |
| | Mingenev Mullewa Road Reseal (RRG) | RR65 | 0 | 0 | 0 | 155 | (155) |
| | Mingenev Mullewa Road Reseal (RRG) | RR63 | 440,000 | 440,000 | 0 | 0 | 440,000 |
| Transport Total | | | 1,236,362 | 1,236,362 | 283,894 | 274,579 | 961,783 |
| Roads (Non Town) Total | | | 1,236,362 | 1,236,362 | 283,894 | 274,579 | 961,783 |
| Capital Expenditure Total | | | 3,219,552 | 3,219,552 | 521,026 | 523,170 | 2,496,382 |

9.2.2 ACCOUNTS FOR PAYMENT – MONTH ENDING 30 November 2016

Location/Address: Shire of Mingenew
Name of Applicant: Shire of Mingenew
File Reference: ADM0042
Disclosure of Interest: Nil
Date: 12 December 2016
Author: Julie Borrett, Senior Finance Officer
Senior Officer: Nita Jane, Deputy CEO

Summary

This report recommends that Council confirm the payment of creditors for the month of November 2016 in accordance with the Local Government (Financial Management) Regulations 1996 section 13(1).

Attachment

Copy of list of accounts due (EFT & cheque payments), which will enable Council to confirm the payment of its creditors in accordance with Local Government (Financial Management) Regulations 1996, Section 13(1).

Background

Financial Regulations require a schedule of payments made through the Council bank accounts to be presented to Council for their inspection. The list includes details for each account paid incorporating the payee's name, amount of payment, date of payment and sufficient information to identify the transaction.

Comment

Invoices supporting all payments are available for inspection. All invoices and vouchers presented to Council have been certified as to the receipt of goods and the rendition of services and as to prices, computations and costings, and that the amounts shown were due for payment.

Consultation

Nil

Statutory Environment

Local Government Act 1996, Section 6.4

Local Government (Financial Management) Regulations 1996, Sections 12, 13 and 15

Policy Implications

Payments have been made under delegation.

Financial Implications

Funds available to meet expenditure.

Strategic Implications

Nil

Voting Requirements

Simple Majority

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.2.2 |
|--|

That Council confirm the accounts as presented for November 2016 from the Municipal Fund totalling \$221,240.84 represented by Electronic Funds Transfers of EFT 10364 to EFT10452, Direct Deduction DD7734.1, 2 and 3, DD7862.1, 2 and 3 and Cheque numbers 8103-8109.

Date: 06/12/2016
Time: 10:57:47AM

Shire of MINGENEW
List of Accounts for November 2016

USER: SFO
PAGE: 1

| Cheque /EFT No | Date | Name | Invoice Description | Bank Code | INV Amount | Amount |
|-------------------|------------|--|-----------------------|--------------|---------------|-----------|
| 487 | 14/11/2016 | Building & Construction Industry Training Fund | RETURN | T | | 395.50 |
| 488 | 14/11/2016 | Builder's Registration Board | RETURN | T | | 291.40 |
| 489 | 14/11/2016 | MINGENEW SHIRE COUNCIL | MWRISA REFUND CR39 | T | | 2,000.00 |
| 490 | 21/11/2016 | MINGENEW SHIRE COUNCIL | MWIRSA REFUND CK32 | T | | 8,058.00 |
| 491 | 28/11/2016 | MINGENEW SHIRE COUNCIL | MRIWSA REFUND CB110 | T | | 2,000.00 |
| 8103 | 14/11/2016 | MINGENEW SHIRE COUNCIL | Payroll deductions | M | | 195.00 |
| 8104 | 14/11/2016 | MINGENEW HISTORICAL SOCIETY | HISTORICAL BOOK SALES | M | | 10.00 |
| 8105 | 14/11/2016 | PALM ROADHOUSE | NEWSPAPERS | M | | 50.70 |
| 8106 | 14/11/2016 | MINGENEW SHIRE COUNCIL | CHARGES | M | | 360.00 |
| 8107 | 21/11/2016 | MINGENEW SHIRE COUNCIL | Payroll deductions | M | | 195.00 |
| 8108 | 21/11/2016 | SYNERGY | SYNERGY | M | | 3,281.60 |
| 8109 | 21/11/2016 | PETTY CASH RECOUP | PETTY CASH | M | | 167.45 |
| EFT10364 | 02/11/2016 | Shire of Mingenew - Payroll | PAYROLL | M | | 28,521.09 |
| EFT10365 | 02/11/2016 | Australian Services Union | Payroll deductions | M | | 79.05 |
| EFT10366 | 02/11/2016 | CHILD SUPPORT AGENCY | Payroll deductions | M | | 311.24 |
| EFT10367 | 02/11/2016 | LGRCEU | Payroll deductions | M | | 20.50 |
| EFT10368 | 11/11/2016 | FIVE STAR BUSINESS EQUIPMENT & COMMUNICATIONS | LEASE | M | | 421.30 |
| EFT10369 | 14/11/2016 | FIVE STAR BUSINESS EQUIPMENT & COMMUNICATIONS | CHARGES | M | | 1,667.64 |

Date: 06/12/2016
Time: 10:57:47AM

Shire of MINGENEW
List of Accounts for November 2016

USER: SFO
PAGE: 2

| Cheque /EFT No | Date | Name | Invoice Description | Bank Code | INV Amount | Amount |
|-------------------|------------|--------------------------------|---|--------------|---------------|----------|
| EFT10370 | 14/11/2016 | Australian Taxation Office | OCT BAS | M | | 5,398.00 |
| EFT10371 | 14/11/2016 | AUSTRALIA POST | POSTAGE | M | | 390.60 |
| EFT10372 | 14/11/2016 | LEADING EDGE COMPUTERS | CHARGES | M | | 155.00 |
| EFT10373 | 14/11/2016 | ATOM SUPPLY | CHARGES | M | | 61.16 |
| EFT10374 | 14/11/2016 | Asphalt In A Bag | CHARGES | M | | 1,718.75 |
| EFT10375 | 14/11/2016 | Austral Iron Pty Ltd | Rates refund for assessment A877 Lot E70/04425 MINING TENEMENT | M | | 500.00 |
| EFT10376 | 14/11/2016 | ANDREWS & CO | CHARGES | M | | 2,750.00 |
| EFT10377 | 14/11/2016 | AVON WASTE | CHARGES | M | | 2,395.98 |
| EFT10378 | 14/11/2016 | ARENA FARMING | Rates refund for assessment A61 Lot 10477 YANDANOOKA WEST ROAD MINGENEW 6522 | M | | 500.00 |
| EFT10379 | 14/11/2016 | AP Mining Pty Ltd | Rates refund for assessment A768 E70/02766 MINGENEW 6522 | M | | 1,000.00 |
| EFT10380 | 14/11/2016 | Courier Australia | FREIGHT | M | | 488.12 |
| EFT10381 | 14/11/2016 | COATES HIRE OPERATIONS PTY LTD | CHARGES | M | | 274.68 |
| EFT10382 | 14/11/2016 | CHEMDRY | CHARGES | M | | 376.00 |
| EFT10383 | 14/11/2016 | CENTREX POTASH PTY LTD | Rates refund for assessment A841 MINING TENEMENT MINGENEW 6522 | M | | 500.00 |
| EFT10384 | 14/11/2016 | DONGARA DRILLING & ELECTRICAL | CHARGES | M | | 721.97 |
| EFT10385 | 14/11/2016 | Empire Oil Company (WA) Ltd | Rates refund for assessment A771 Lot PEP45/00426 MINING TENEMENT MINGENEW 6522 | M | | 497.29 |
| EFT10386 | 14/11/2016 | Empire Oil Company (WA) Ltd | Rates refund for assessment A554 Lot PEP70/00368 MINING TENEMENT MINGENEW 6522 | M | | 497.29 |

Date: 06/12/2016
Time: 10:57:47AM

Shire of MINGENEW
List of Accounts for November 2016

USER: SFO
PAGE: 3

| Cheque /EFT No | Date | Name | Invoice Description | Bank Code | INV Amount | Amount |
|-------------------|------------|---------------------------------|---|--------------|---------------|----------|
| EFT10387 | 14/11/2016 | FULTON HOGAN INDUSTRIES PTY LTD | CHARGES | M | | 1,287.00 |
| EFT10390 | 14/11/2016 | GERALDTON AG SERVICES | CHARGES | M | | 96.76 |
| EFT10391 | 14/11/2016 | GEARING BUTCHERS | MEAT | M | | 157.83 |
| EFT10392 | 14/11/2016 | HOLMWOOD PTY LTD | Rates refund for assessment A459 Lot 9 COALSEAM ROAD MINGENEW 6522 | M | | 1,570.60 |
| EFT10393 | 14/11/2016 | KICK SOLUTIONS | CHARGES | M | | 5,308.00 |
| EFT10394 | 14/11/2016 | LGMA | FEES | M | | 920.00 |
| EFT10395 | 14/11/2016 | LGIS RISK MANAGEMENT | INSURANCE | M | | 2,933.70 |
| EFT10397 | 14/11/2016 | MCDONALDS WHOLESALERS | CHARGES | M | | 22.80 |
| EFT10398 | 14/11/2016 | STARICK TYRES | TYRES | M | | 1,937.65 |
| EFT10399 | 14/11/2016 | MINGENEW SPRING CARAVAN PARK | ACCOMMODATION | M | | 463.00 |
| EFT10400 | 14/11/2016 | MARKETFORCE | CHARGES | M | | 61.50 |
| EFT10401 | 14/11/2016 | MINGENEW CWA | HOTLINE SALES | M | | 24.00 |
| EFT10402 | 14/11/2016 | MINGENEW BAKERY | CATERING | M | | 205.00 |
| EFT10403 | 14/11/2016 | Market Creations | CHARGES | M | | 1,859.00 |
| EFT10404 | 14/11/2016 | MINGENEW WINTER SPORTS CANTEEN | CHARGES | M | | 409.10 |
| EFT10405 | 14/11/2016 | Northern Country Zone Of Walga | CHARGES | M | | 1,700.00 |
| EFT10406 | 14/11/2016 | PEMCO DIESEL PTY LTD | CHARGES | M | | 2,407.05 |
| EFT10407 | 14/11/2016 | PIRTEK (GERALDTON) PTY LTD | CHARGES | M | | 27.85 |

Date: 06/12/2016
Time: 10:57:47AM

Shire of MINGENEW
List of Accounts for November 2016

USER: SFO
PAGE: 4

| Cheque /EFT No | Date | Name | Invoice Description | Bank Code | INV Amount | Amount |
|-------------------|------------|---|--|--------------|---------------|-----------|
| EFT10408 | 14/11/2016 | PRITCHARD BOOKBINDERS | CHARGES | M | | 89.65 |
| EFT10409 | 14/11/2016 | Telstra Corporation | TELSTRA | M | | 1,793.69 |
| EFT10410 | 14/11/2016 | ID & LJ Thomas | Rates refund for assessment A508 Lot 51 MINGENEW SOUTH ROAD MINGENEW 6522 | M | | 500.00 |
| EFT10411 | 14/11/2016 | TROPHIES AND TREASURES | CHARGES | M | | 27.50 |
| EFT10412 | 14/11/2016 | Martin Gerard Whitely | REIMBURSEMENT | M | | 241.59 |
| EFT10413 | 14/11/2016 | GERALDTON MOWER & REPAIR SPECIALISTS | CHARGES | M | | 570.00 |
| EFT10414 | 14/11/2016 | FREDS MOWER REPAIRS | CHARGES | M | | 253.90 |
| EFT10415 | 14/11/2016 | GREAT SOUTHERN FUEL SUPPLIES | FUEL | M | | 8,950.11 |
| EFT10416 | 16/11/2016 | Shire of Mingenew - Payroll | PAYROLL | M | | 29,538.42 |
| EFT10417 | 16/11/2016 | Australian Services Union | Payroll deductions | M | | 79.05 |
| EFT10418 | 16/11/2016 | CHILD SUPPORT AGENCY | Payroll deductions | M | | 263.48 |
| EFT10419 | 16/11/2016 | LGRCEU | Payroll deductions | M | | 20.50 |
| EFT10420 | 21/11/2016 | NAB BUSINESS VISA | CREDIT CARD | M | | 2,631.29 |
| EFT10421 | 21/11/2016 | ABCO PRODUCTS | CHARGES | M | | 376.97 |
| EFT10422 | 21/11/2016 | AVON WASTE | CHARGES | M | | 2,367.40 |
| EFT10423 | 21/11/2016 | BLUE JUICE CHARTERS | CHARGES | M | | 2,000.00 |
| EFT10424 | 21/11/2016 | Courier Australia | FREIGHT | M | | 20.60 |
| EFT10425 | 21/11/2016 | STAPLES AUSTRALIA PTY LIMITED | STATIONERY | M | | 269.07 |

Date: 06/12/2016
Time: 10:57:47AM

Shire of MINGENEW
List of Accounts for November 2016

USER: SFO
PAGE: 5

| Cheque /EFT No | Date | Name | Invoice Description | Bank Code | INV Amount | Amount |
|----------------|------------|---|---|-----------|------------|-----------|
| EFT10426 | 21/11/2016 | DALWALLINU WHEATLAND MOTEL | ACCOMMODATION | M | | 329.00 |
| EFT10427 | 21/11/2016 | FULTON HOGAN INDUSTRIES PTY LTD | CHARGES | M | | 1,287.00 |
| EFT10428 | 21/11/2016 | FINE SIGHT OPTICAL EXPRESS | CHARGES | M | | 1,020.00 |
| EFT10429 | 21/11/2016 | GERALDTON AG SERVICES | CHARGES | M | | 151.59 |
| EFT10430 | 21/11/2016 | GUARDIAN PRINT & GRAPHICS | CHARGES | M | | 135.00 |
| EFT10431 | 21/11/2016 | IRWIN PLUMBING SERVICES | CHARGES | M | | 918.50 |
| EFT10432 | 21/11/2016 | CANINE CONTROL | FEES | M | | 1,012.00 |
| EFT10433 | 21/11/2016 | MINGENEW IGA X-PRESS & LIQUOR | GROCERIES | M | | 1,688.46 |
| EFT10434 | 21/11/2016 | POOL & SPA MART | CHARGES | M | | 149.30 |
| EFT10435 | 21/11/2016 | PEMCO DIESEL PTY LTD | CHARGES | M | | 7,754.35 |
| EFT10436 | 21/11/2016 | LANDMARK | GOODS | M | | 198.99 |
| EFT10437 | 28/11/2016 | WESTERN AUSTRALIAN TREASURY CORPORATION | LOAN | M | | 18,536.50 |
| EFT10438 | 28/11/2016 | Courier Australia | FREIGHT | M | | 132.87 |
| EFT10439 | 28/11/2016 | S & P CONNAUGHTON & CO | Rates refund for assessment A113 Lot 1263 COLEGATE ROAD MINGENEW 6522 | M | | 330.45 |
| EFT10440 | 28/11/2016 | Bronwyn Criddle | REIBMURSEMENT | M | | 121.78 |
| EFT10441 | 28/11/2016 | CANINE CONTROL | FEES | M | | 2,024.00 |
| EFT10442 | 28/11/2016 | KILKERRAN AGRICULTURE PTY LTD | Rates refund for assessment A831 Lot 65 STRAWBERRY N-E ROAD MINGENEW 6522 | M | | 426.71 |
| EFT10443 | 28/11/2016 | LATERAL ASPECT | FEES | M | | 3,758.33 |

Date: 06/12/2016
Time: 10:57:47AM

Shire of MINGENEW
List of Accounts for November 2016

USER: SFO
PAGE: 6

| Cheque /EFT No | Date | Name | Invoice Description | Bank Code | INV Amount | Amount |
|-------------------|------------|---|------------------------------|--------------|---------------|-----------|
| EFT10444 | 28/11/2016 | Midwest Fire Protection Services | CHARGES | M | | 1,187.87 |
| EFT10445 | 28/11/2016 | Telstra Corporation | REPAIRS | M | | 956.51 |
| EFT10446 | 28/11/2016 | WALGA | CHARGES | M | | 195.00 |
| EFT10447 | 28/11/2016 | WESTRAC PTY LTD | CHARGES | M | | 4,680.07 |
| EFT10448 | 28/11/2016 | MINGENEW FABRICATORS | CHARGES | M | | 381.16 |
| EFT10449 | 30/11/2016 | Shire of Mingenew - Payroll | PAYROLL | M | | 28,710.22 |
| EFT10450 | 30/11/2016 | Australian Services Union | Payroll deductions | M | | 79.05 |
| EFT10451 | 30/11/2016 | CHILD SUPPORT AGENCY | Payroll deductions | M | | 263.48 |
| EFT10452 | 30/11/2016 | LGRCEU | Payroll deductions | M | | 20.50 |
| DD7834.1 | 02/11/2016 | WA SUPER | Payroll deductions | M | | 5,320.87 |
| DD7834.2 | 02/11/2016 | PERSONAL CHOICE PRIVATE FUND EWRAP SUPER | Superannuation contributions | M | | 1,082.73 |
| DD7834.3 | 02/11/2016 | PRIME SUPER | Superannuation contributions | M | | 209.87 |
| DD7862.1 | 16/11/2016 | WA SUPER | Payroll deductions | M | | 5,356.03 |
| DD7862.2 | 16/11/2016 | PERSONAL CHOICE PRIVATE FUND EWRAP SUPER | Superannuation contributions | M | | 1,082.73 |
| DD7862.3 | 16/11/2016 | PRIME SUPER | Superannuation contributions | M | | 219.08 |
| DD7880.1 | 30/11/2016 | WA SUPER | Payroll deductions | M | | 5,334.98 |
| DD7880.2 | 30/11/2016 | PERSONAL CHOICE PRIVATE FUND EWRAP SUPER | Superannuation contributions | M | | 1,082.73 |
| DD7880.3 | 30/11/2016 | PRIME SUPER | Superannuation contributions | M | | 213.66 |

Date: 06/12/2016
Time: 10:57:47AM

Shire of MINGENEW
List of Accounts for November 2016

USER: SFO
PAGE: 7

| Cheque /EFT No | Date | Name | Invoice Description | Bank Code | INV Amount | Amount |
|---------------------------|-------------|-------------|----------------------------|----------------------|-----------------------|---------------|
|---------------------------|-------------|-------------|----------------------------|----------------------|-----------------------|---------------|

REPORT TOTALS

| Bank Code | Bank Name | TOTAL |
|------------------|---------------------------|-------------------|
| M | MUNI - NATIONAL AUST BANK | 221,240.84 |
| T | TRUST- NATIONAL AUST BANK | 12,744.90 |
| TOTAL | | 233,985.74 |

NATIONAL BUSINESS MASTERCARD

01 November to 30 November

CEO - Martin Whitely

| | | |
|-------------------------------------|----|-----------------|
| Refreshments for Terry Redman visit | \$ | 34.00 |
| Meals for Vet Program | \$ | 209.00 |
| Refreshments | \$ | 19.50 |
| Fuel | \$ | 98.63 |
| LGMA Breakfast | \$ | 83.66 |
| Bits & Pieces for office | \$ | 56.85 |
| Refreshments | \$ | 17.50 |
| Coffee machine & capsules | \$ | 111.50 |
| WALGA Employee Relations training | \$ | 9.50 |
| Fuel | \$ | 92.26 |
| Parking fees | \$ | 8.28 |
| Conference costs | \$ | 388.00 |
| Conference costs | \$ | 1,883.80 |
| Toilet Roll holder for Office | \$ | 18.54 |
| Accommodation | \$ | 115.00 |
| Bank Fees | \$ | 9.00 |
| | \$ | 3,155.02 |

Work's Manager - Warren Borrett

| | | |
|--------------------------------|----|---------------|
| Totally Workwear | \$ | 351.92 |
| Priming fluid & cement solvent | \$ | 26.20 |
| Plate change | \$ | 25.30 |
| Bank Fees | \$ | 9.00 |
| | \$ | 412.42 |

Manager of Admin and Finance - Nita Jane

| | | |
|-----------|----|---------------|
| Internet | \$ | 179.90 |
| Bank Fees | \$ | 9.00 |
| | \$ | 188.90 |

Total Direct Debit Payment made on 1st November 2016 \$ **3,756.34**

POLICE LICENSING

Direct Debits from Muni Account
01 November to 30 November

| | | |
|-----------------------------|----|------------------|
| Tuesday, 1 November 2016 | \$ | 1,102.65 |
| Wednesday, 2 November 2016 | \$ | 1,014.30 |
| Thursday, 3 November 2016 | \$ | 787.45 |
| Friday, 4 November 2016 | \$ | 682.60 |
| Monday, 7 November 2016 | \$ | 643.05 |
| Tuesday, 8 November 2016 | \$ | 30,720.15 |
| Wednesday, 9 November 2016 | \$ | 555.00 |
| Thursday, 10 November 2016 | \$ | 200.00 |
| Friday, 11 November 2016 | \$ | 1,054.30 |
| Tuesday, 15 November 2016 | \$ | 101.50 |
| Wednesday, 16 November 2016 | \$ | 10,400.40 |
| Thursday, 17 November 2016 | \$ | 296.90 |
| Friday, 18 November 2016 | \$ | 946.00 |
| Monday, 21 November 2016 | \$ | 776.20 |
| Tuesday, 22 November 2016 | \$ | 2,384.15 |
| Wednesday, 23 November 2016 | \$ | 407.80 |
| Friday, 25 November 2016 | \$ | 1,586.80 |
| Monday, 28 November 2016 | \$ | 355.10 |
| Tuesday, 29 November 2016 | \$ | 50.00 |
| Wednesday, 30 November 2016 | \$ | 5,905.05 |
| | \$ | 59,969.40 |

BANK FEES

Direct debits from Muni Account 01 November to 30 November

| | | |
|---|----|---------------|
| Total direct debited from Municipal Account | \$ | 668.60 |
|---|----|---------------|

PAYROLL

Direct Payments from Muni Account 01 November to 30 November

| | | |
|-------------------------------|----|-------------------|
| Wednesday, 2nd November 2016 | \$ | 41,802.90 |
| Wednesday, 16th November 2016 | \$ | 42,749.47 |
| Wednesday, 30th November 2016 | \$ | 41,717.18 |
| | \$ | 126,269.55 |

9.2.3 2015/16 ANNUAL REPORT

| | |
|--------------------------------|---|
| Location/Address: | Shire of Mingenew |
| Name of Applicant: | Shire of Mingenew |
| Disclosure of Interest: | Nil |
| Date: | 12 th December 2016 |
| Author: | Nita Jane – Deputy CEO |
| Senior Officer: | Martin Whitely, Chief Executive Officer |

SUMMARY

To consider and accept the Shire of Mingenew Annual Report (Incorporating the Annual Financial Report) for the year ending 30 June 2016.

ATTACHMENT

- 2015/2016 Annual Report.
- Butler Settineri Report

BACKGROUND

The Local Government Act 1995 requires Council to prepare and accept an Annual Report for each financial year by 31 December after that financial year.

The Annual Report highlights the Shire of Mingenew achievements from the Strategic Community Plan in the 2015/2016 Financial Year.

COMMENT

The Annual Report, prepared in accordance with the requirements of the Local Government Act, is enclosed with the agenda papers for Councillors' perusal, consideration and acceptance.

Council's Auditors, Butler Settineri, have completed an audit of Council's financial records and have forwarded an audit report to the Shire President as well as a management letter.

The audit report is included in the annual report with no matter, in the opinion of the auditors, to indicate significant adverse trends in the financial position or the financial management practices of the Shire and no other matters indicating non-compliance with Part 6 of the Local Government Act 1995, Local Government (Financial Management) Regulations 1996.

Once the Annual Report has been accepted, Council is required to give local public notice of the availability of the Annual Report as soon as practicable.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995, sections 5.53 provides that the Annual Report is to contain the following:

- A report from the Shire President
- A report from the Chief Executive Officer
- An overview of the plan for the future of the district made in accordance with Section 5.56, including major initiatives that are proposed to commence or continue in the next financial year
- The financial report for the financial year
- Such information as may be prescribed in relation to the payments made to employees
- The auditor's report for the financial year
- A matter on which a report must be made under section 29(2) of the Disability Services Act 1993

MINGENEW SHIRE COUNCIL ORDINARY MEETING AGENDA – 21 December 2016

- Details of entries made under section 5.121 during the financial year in the register of complaints, including –
 - The number of complaints recorded in the register of complaints; and
 - How the recorded complaints were dealt with; and
 - Any other details that the regulations may require;
 - And
- Such other information as may be prescribed.

The Local Government Act 1995 Section 7.2 provides:

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by each local government.

The Local Government Act 1995 Section 7.12A provides:

- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to –
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to –
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister,
By the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

There is no financial or budget implications.

STRATEGIC IMPLICATIONS

Nil

VOTING REQUIREMENTS

Absolute Majority

| |
|--|
| COMMITTEE RECOMMENDATION – ITEM 9.2.3 |
|--|

1. That Council endorse the Audit Findings Report from Butler Settineri for the year ending 30 June 2016 noting that no further reporting to Council is required in relation to the findings in the report, and
2. That Council accepts the 2015/16 Annual Report complete with the 2015/16 Annual Financial Statements for the period ending 30 June 2016

SHIRE OF MINGENEW
ANNUAL REPORT
2015/2016



Lois Thomas Photography

CONTENTS

1. Shire President's Report
2. Chief Executive Officer's Report
3. Councillors
4. Staff / Organisation Structure
5. 2015/16 in Pictures
6. Strategic Community Plan
7. Annual Financial Report
8. Statutory Reporting
 - a. Employees Remuneration
 - b. National Competition Policy
 - c. Freedom of Information
 - d. Record Keeping Plan
 - e. Public Interest Disclosures
 - f. Disability Access and Inclusion Plan
 - g. Register of Complaints
 - h. Local Laws

1. SHIRE PRESIDENTS REPORT

It is with much pleasure that I present my report on the activities of the Shire of Mingenew for the 2015/16 financial year. The 2015/16 financial year saw the Shire of Mingenew focused on consolidating its financial position to ensure the Shire has the capacity to deliver community services and undertake projects of significance in future years to come.

Road Program

Council continued to deliver a comprehensive road maintenance and construction program throughout the year with expenditure of \$1,094,256 spent on capital road works. Council delivered these projects on time and on budget, demonstrating the depth of skill and expertise within its workforce.

Some of the highlights of the road projects completed during the year included;

- 12km gravel sheeting on Depot Hill North Road
- 4km of widening and seal on the Mingenew Mullewa Road
- 1.9km second coat seal on the Nanekine Road
- Completing the drainage upgrade on Moore Street
- Various repairs on the Allanooka Springs Rd

These projects are major roads within the Shire that link visitors and residents to the region, enabling tourism and business opportunities and Council remains committed to maintaining and improving the road network within the Shire.

Other Projects

During the year we were able to successfully obtain funding through the Midwest Development Commission which enabled the Shire to install ablutions at the Men's Shed in Ernest Street which has now finalised this project. Council are confident that similar sources of funding can be achieved in the future to help upgrade some of our community facilities within the Shire.

Community Services

The Shire is pleased to support various programs and initiatives in which Council see as providing a valuable service to our community members. The Council have been fortunate to maintain the services of Midwest Aero Medical Services for the provision of a visiting medical practitioner who comes to Mingenew on a weekly basis and the medical services continue to be well utilised by our residents.

A regular dental service is also provided courtesy of an agreement between the Shire and Karara Mining Ltd and provides another invaluable health service to our community, while the vet program continues to be very well supported and provides free sterilisation together with micro-chipping and immunising at a modest cost to those who utilise the service.

Council are keen to pursue opportunities to work with other industry partners that will result in the provision of further services that can be well utilised by our community.

Finance

Council remains in a sound financial position and was able to consolidate its financial position considerably during the financial year. The highlights of the 2015/16 financial year were Council's ability to preserve its cash position while managing to reduce debt by \$172, 462, increase cash reserves by 13% and maintaining our current level of service delivery within the community.

Now that the Royalties for Regions funding has reduced significantly it is essential that Council works hard in exploring new funding opportunities to continue on with the provision and maintenance of infrastructure to enhance the economic and social activities in our community. Working closely with our potential partners and stakeholders Council are confident that new funding opportunities will be generated to allow our services and infrastructure to be maintained and grown within our community.

Council continues to work closely with our current and future partners and stakeholders to grow these relations with key stakeholders such as Main Roads, Mid West Development Commission, Department of Sport & Recreation, Lotterywest and other key funding bodies to enable the Shire to secure funding to implement the future infrastructure needs of our community as outlined within the Community Strategic Plan.

Volunteers

I would like to express my deepest gratitude to all volunteers and the efforts of all our volunteers are to be applauded. The Mingenew community are privileged to have the quality of volunteers we have and the hard work put in by a range of community members is testament to the number of quality services and events resulting from their efforts within the community.

Councillors & Staff

I would like to extend a warm welcome to our two new Councillors Leah Eardley and Karl Criddle who joined Council in late 2015. While it is great to see new blood on Council we also farewelled Peter Gledhill and Alan Sobey after 6 years and 4 years loyal service respectively and it is important that their efforts while on Council be recognised. Finally, to the other dedicated Councillors and Shire staff, thank you very much for your support and efforts during the year as we work together in making a positive difference to our Community.

Michelle Bagley

Shire President

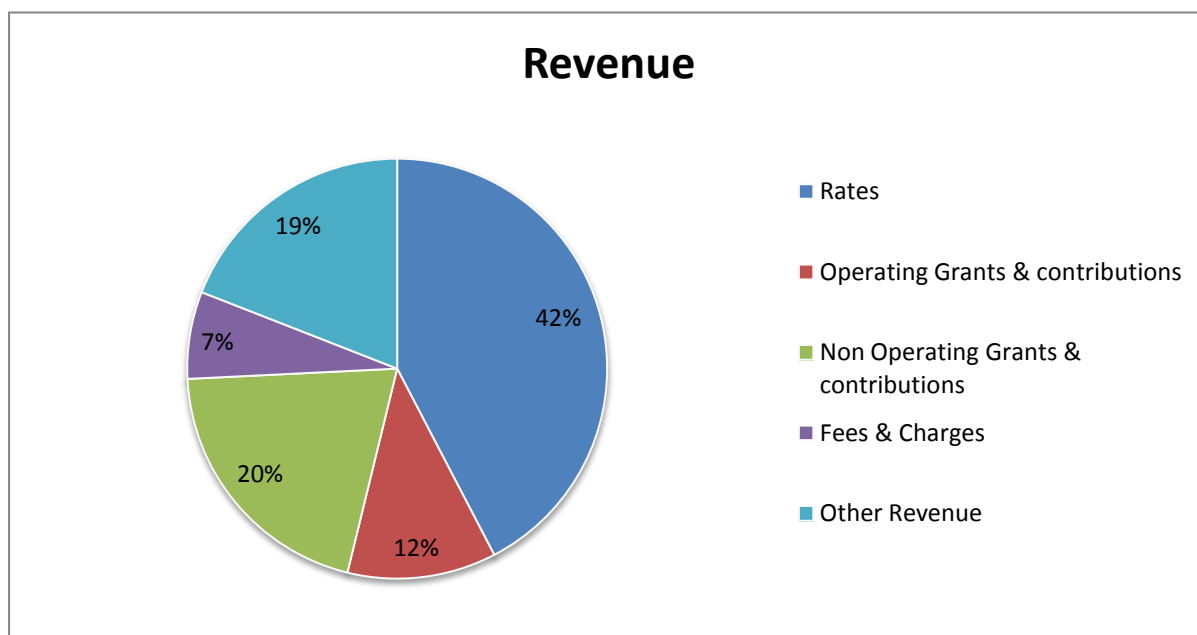
CEO'S REPORT

It is with great pleasure that I report on the Shire's activities for the 2015/16 financial year. Like all business, Local Government faces its challenges and one of the biggest challenges our Shire faces is making the best use of the resources we have to provide quality services for our community. During the year the Shire successfully managed to consolidate our financial position and moving forward it is important that the Shire continue to manage our financial resources well. Similarly, the Shire needs to explore other avenues to generate income as well as managing our efficiencies to allow us to provide opportunities to sustain and grow our community.

Below is a summary of the 2015/16 financial year.

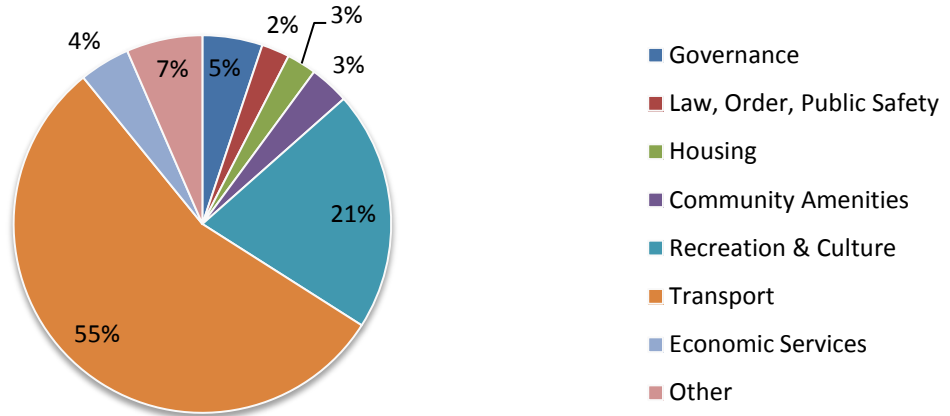
Finance

The Shire of Mingenew had a Total Operating Revenue of \$4.036m (including operating and capital grants) for the 2015/16 financial year. A total of 20% (\$824k) of the Shire's revenue for 2015/16 was Non-Operating Grants which helped to fund a number of key capital projects. Operating Grants and Contributions account for 12% of total revenue, while Rates (42%) and Fees & Charges (7%) are also significant contributing factors to the total revenue figure. The remaining revenue comes from interest received and other miscellaneous services carried out by the Shire and during the financial year there was a total of 19% (\$718k) of revenue made up of Reimbursements & Other Income. This amount was predominately made up of police licensing (\$530k).



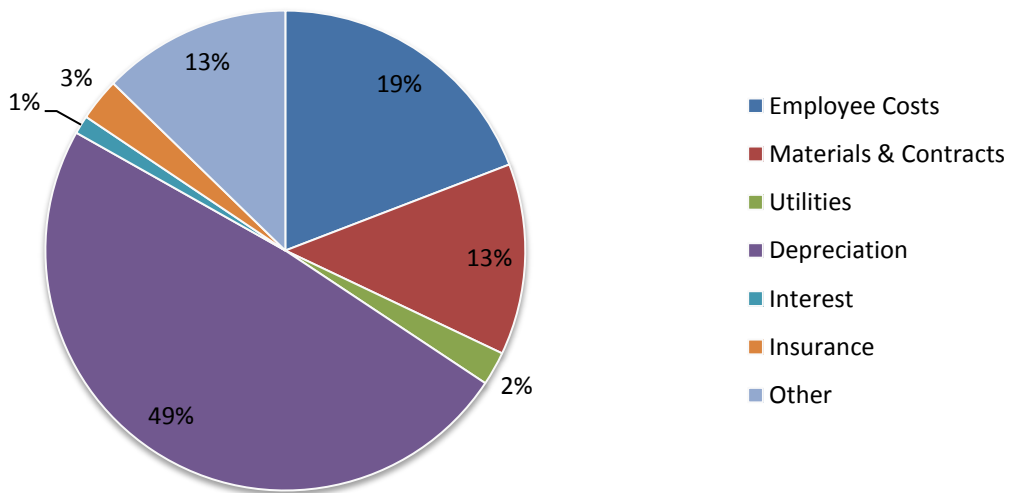
The revenue generated by the Shire is spent providing infrastructure and services for the community. The Shire provides many services including maintaining and improving roads, parks and gardens, leisure services and other community projects. A significant amount of the Shire's resources (76%) are spent on maintaining road infrastructure and the provision of recreation services.

Expenditure by Program



When comparing the breakdown of these costs by nature and type a massive 49% of all operating expenditure is attributed to depreciation charges. Depreciation is a non cash item and is attributed to the Shire having in excess of \$39m worth of assets, of which 69% is attributed to the Shire's road network and other related infrastructure whilst the remaining 31% is Property Plant & Equipment. Other significant expenditure includes Employee Costs (19%), Materials & Contracts (13%) and Other Expenditure (13%). As with Revenue the majority of these Other Expenditure costs are attributed to police licensing costs.

Expenditure by Nature & Type



In addition to the normal operating activities a number of significant capital works projects were undertaken during the 2015/16 financial year to the value of \$1.34m. Some of this year's capital works highlights include;

| | |
|---|-----------|
| Transport | |
| Mingenew Mullewa Road – 4km Widen & Reseal | \$594,816 |
| Depot Hill North Road – 12km Gravel Sheeting | \$350,644 |
| Moore Street – Reconstruction | \$22,064 |
| Allanooka Springs Road – various lane repairs | \$61,135 |
| Lang & Buildings | |
| Works depot shed roofing | \$11,300 |
| Recreation & Culture | |
| Men's Shed Ablution Block | \$31,083 |

The above does not include a contribution of \$32,396 towards building the ambulance shelter at the Silver Chain building since the building is not owned by the Shire hence the expenditure is shown as an operating expense.

Reserve Funds

Council continues to maintain reserve accounts to help with major projects and plant and equipment purchases. As at 30 June 2016 the balance in the Reserve Accounts was \$308,617 comprised as listed below;

| RESERVE | BALANCE |
|--------------------------------------|------------------|
| Land & Building Reserve | 43,920 |
| Sportsground Improvement Reserve | 2,694 |
| Plant Replacement Reserve | 146,392 |
| Accrued Leave Reserve | 13,907 |
| Aged Persons Units Reserve | 20,002 |
| Street Lighting Reserve | 14,306 |
| Painted Road Reserve | 4,201 |
| Environmental Rehabilitation Reserve | 17,799 |
| Industrial Area Development Reserve | 5,227 |
| RTC/PO/NAB Reserve | 20,153 |
| TOTAL | \$308,617 |

The above represents a small increase from \$271,965 at 30 June 2015. The Shire will continue to make a concerted effort to improve our cash reserves for the provision of future acquisitions and proposed developments.

Loan Liability

As at 30 June 2016 the outstanding principal on all loans was \$887,179 which represents a significant reduction in debt from the outstanding balance of \$1,059,641 at the end of the last financial year.

Annual Audit

The annual audit was successfully completed for the 2015/16 financial year and a copy of the report is included within this Annual Report. The audit process went very smoothly and there were no material findings noted within the Auditors Report which is a credit to all those involved throughout the process.

Strategic Direction

The Shire's Strategic Plan, Long Term Financial Plan and Asset Management Plan will be the key focus for further development and community consultation over the next 12 months. A series of workshops will be held in the 2016/17 financial year to gather input into the Shire's Community Strategic Plan which will assist the Shire in striving to meet the community's hopes and aspirations into the future.

Staff

We only have a small team at the Shire and at times we are resource challenged and I would like to acknowledge the efforts of all inside and outside staff for their efforts during the year as we strive to provide a high level of service for the community.

Council

Finally, I would like acknowledge the efforts of the President, Deputy President and Councillors for their efforts over the past 12 months. The contribution of a Councillor to the Mingenew Community is a significant one and I look forward to continuing our successful working relationship into the future.

Martin Whitely

Chief Executive Officer

2. COUNCILLORS



SHIRE PRESIDENT

Michelle Bagley



DEPUTY PRESIDENT

Helen Newton



COUNCILLOR

Marguerite Pearce



COUNCILLOR

Gary Cosgrove



COUNCILLOR

Crispian Lucken



COUNCILLOR

Alan Sobey



DEPUTY PRESIDENT

Peter Gledhill



COUNCILLOR

Karl Criddle



COUNCILLOR

Leah Eardley

3. STAFF

Administration Staff

| | |
|----------------------------------|-----------------|
| Chief Executive Officer | Martin Whitely |
| Deputy CEO | Nita Jane |
| Senior Finance Officer | Julie Borrett |
| Community Development Officer | Ella Suckling |
| Customer Service/Library Officer | Paulette Lucken |
| Trainee | Lawrie Passmore |
| Trainee | Annalise Knock |

Works & Services Staff

| | |
|-----------------------------|----------------|
| Manager, Works and Services | Warren Borrett |
|-----------------------------|----------------|

Road Construction & Maintenance Crew

| | |
|-------------------------------|-----------------|
| Leading Hand/Grader Operator | Rocky Brennan |
| Grader Operator – Maintenance | Noel Page |
| Plant Operator | Edward Brennan |
| Plant Operator | Brady Brennan |
| Plant Operator | Phillip Greaves |
| Plant Operator | David King |

Town Maintenance Crew

| | |
|-----------------------|-------------------|
| Leading Hand/Gardener | Robert Stephens |
| Gardener | Yvonne Woodbrook |
| Gardener | George Whitecross |
| Gardener | Michael Warren |
| Gardener | Clara Eaton |
| Cleaner | Stephanie Brenton |

4. 2015/16in Picture



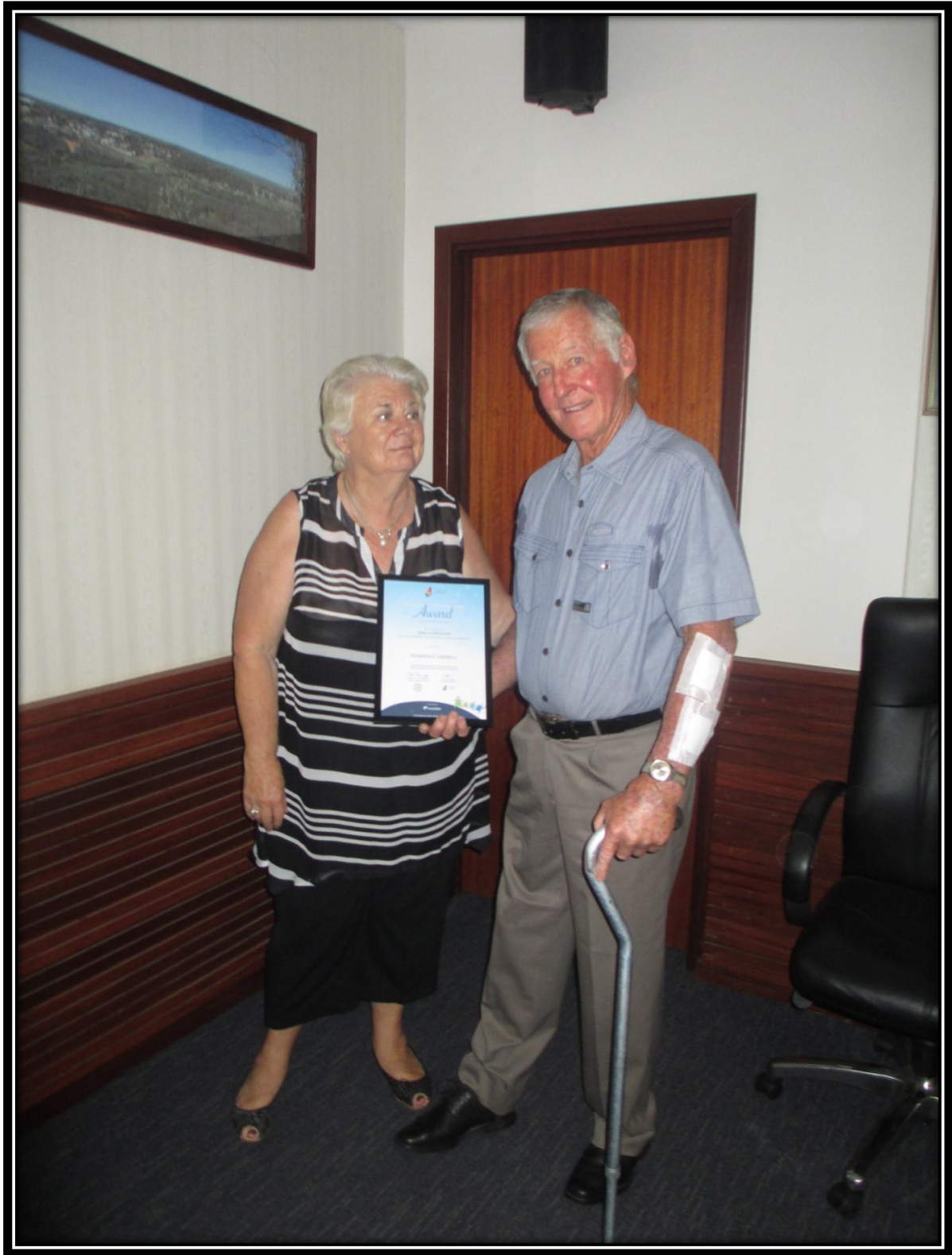
Ambulance Setdown Bay



Mingenew Seniors



ANZAC Day



Mr Gordon Campbell – Premier's Australia Day Award



Senior of the Year – Mrs Joan Newton



Entertaining the Seniors – Robot Song



Entertaining the Seniors – with a Beatles song



Wildflower Tour



Mingenew Community Christmas Tree

5. STRATEGIC COMMUNITY PLAN

Strategic Community Plan 2012 – 2022

The Shire of Mingenew Strategic Community Plan reflects a vision for the future and is the principal strategic guide for planning and activities. Based on community engagement, the Shire has set out a vision for the future and captured the community's aspirations and values.

A strategic objective has been developed for each of the four key areas of community interest:

- Economic
- Environmental
- Social
- Civic leadership

Desired outcomes have been determined to achieve each of the four objectives after considering the Shire's current and future resources along with demographic trends.

Strategic plans are only effective if resourced adequately to ensure an outcome. The strategies will be prioritised and actions applied (after an assessment of available resources) through the development of the Corporate Business Plan and subsequently the Annual Budget.

Copies of the Strategic Community Plan 2012 – 2022 are available from the Shire's Administration Office or on Council's website at www.mingenew.wa.gov.au

COMMUNITY ASPIRATIONS AND VALUES

The community identified the following aspirations and values:

- Strong leaders, good decisions;
- Striving to be innovative and progressive;
- Respecting our environment and each other; and
- Proud independent community spirit.

OBJECTIVES & OUTCOMES

1 ECONOMIC

To be a diverse and innovative economy with a range of local employment opportunities;

- a. Increase the number of visitors and extend the tourism season within the region.
- b. Increased availability of serviced residential, commercial and industrial land.
- c. To maintain and increase the number of local businesses, industries and services that will provide a range of employment opportunities for the people of Mingenew.
- d. Protect and enhance economic infrastructure.
- e. Ensure the provision of adequate services to support economic growth.

2 ENVIRONMENT

A sustainable natural and built environment that meets current and future community needs;

- a. Our natural environment is enhanced, promoted, rehabilitated and leveraged so it continues to be an asset to our community.
- b. Our indigenous and cultural heritage is acknowledged.
- c. To retain Mingenew as an attractive town that is a comfortable and welcoming place to live and visit, and reflects our lifestyle values.
- d. To provide recognition and retention of places of heritage.
- e. Safe and functional road and ancillary infrastructure.
- f. Efficient usage of resources.

3 SOCIAL

A safe and welcoming community where everyone has the opportunity to contribute and belong;

- a. Maintain and increase population.
- b. Maintain the provision of high quality community infrastructure.
- c. Affordable housing options that respond to community needs.
- d. Improved community health and well-being.
- e. Improved capacity of education and training.
- f. Community events continue to be supported.
- g. Maintain a safe community environment.

4 CIVIC LEADERSHIP

A collaborative and innovative community with strong and vibrant leadership;

- a. A well informed and engaged community that actively participates.
- b. An open and accountable local government that is respected, professional and trustworthy.
- c. Improved partnerships.
- d. Long term planning and strategic management.
- e. Achieve a high level of compliance.

6. ANNUAL FINANCIAL STATEMENTS



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

TABLE OF CONTENTS

| | |
|---|----|
| Statement by Chief Executive Officer | 2 |
| Statement of Comprehensive Income by Nature or Type | 3 |
| Statement of Comprehensive Income by Program | 4 |
| Statement of Financial Position | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Rate Setting Statement | 8 |
| Notes to and Forming Part of the Financial Report | 9 |
| Independent Audit Report | 59 |
| Supplementary Ratio Information | 61 |

Principal place of business:
22 Victoria Street
MINGENEW WA 6522

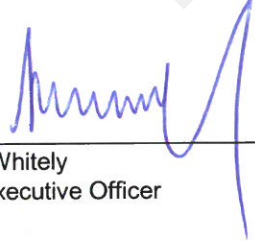
SHIRE OF MINGENEW
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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 13th day of December 2016



Martin Whitely
Chief Executive Officer

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

| | NOTE | 2016 \$ | 2016 Budget \$ | 2015 \$ |
|---|------|--------------------------------|------------------------------|----------------------------------|
| Revenue | | | | |
| Rates | 22 | 1,709,615 | 1,754,615 | 1,657,864 |
| Operating grants, subsidies and contributions | 29 | 462,647 | 457,084 | 1,426,474 |
| Fees and charges | 28 | 270,945 | 296,559 | 272,586 |
| Service charges | 25 | 0 | 0 | 0 |
| Interest earnings | 2(a) | 34,300 | 24,498 | 29,163 |
| Other revenue | 2(a) | 718,861 | 446,988 | 7,124 |
| | | <u>3,196,368</u> | <u>2,979,744</u> | <u>3,393,211</u> |
| Expenses | | | | |
| Employee costs | | (930,317) | (861,988) | (1,071,366) |
| Materials and contracts | | (625,411) | (828,372) | (826,199) |
| Utility charges | | (110,352) | (161,042) | (103,469) |
| Depreciation on non-current assets | 2(a) | (2,370,889) | (1,850,000) | (1,816,963) |
| Interest expenses | 2(a) | (60,064) | (63,422) | (64,156) |
| Insurance expenses | | (138,975) | (166,025) | (192,139) |
| Other expenditure | | (609,530) | (501,385) | (54,224) |
| | | <u>(4,845,538)</u> | <u>(4,432,234)</u> | <u>(4,128,516)</u> |
| | | (1,649,170) | (1,452,490) | (735,305) |
| Non-operating grants, subsidies and contributions | 29 | 823,830 | 2,131,147 | 1,839,759 |
| Profit on asset disposals | 20 | 16,566 | 25,370 | 3,320 |
| (Loss) on asset disposals | 20 | (8,543) | 0 | (35,123) |
| Net result | | <u>(817,317)</u> | <u>704,027</u> | <u>1,072,651</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 12 | (139,829) | 0 | (9,417,461) |
| Total other comprehensive income | | <u>(139,829)</u> | <u>0</u> | <u>(9,417,461)</u> |
| Total comprehensive income | | <u><u>(957,146)</u></u> | <u><u>704,027</u></u> | <u><u>(8,344,810)</u></u> |

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

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

| | NOTE | 2016 \$ | 2016 Budget \$ | 2015 \$ |
|---|------|--------------------|----------------------|--------------------|
| Revenue | 2(a) | | | |
| Governance | | 8,718 | 4,544 | 31,070 |
| General purpose funding | | 2,019,573 | 2,093,128 | 2,576,776 |
| Law, order, public safety | | 35,864 | 33,780 | 33,940 |
| Health | | 436 | 1,000 | 23,620 |
| Education and welfare | | 5,532 | 5,290 | 34,540 |
| Housing | | 108,001 | 117,343 | 110,284 |
| Community amenities | | 160,551 | 86,175 | 67,286 |
| Recreation and culture | | 31,014 | 31,086 | 75,486 |
| Transport | | 641,686 | 468,408 | 256,281 |
| Economic services | | 7,300 | 10,630 | 53,760 |
| Other property and services | | 177,692 | 128,359 | 130,168 |
| | | <u>3,196,367</u> | <u>2,979,743</u> | <u>3,393,211</u> |
| Expenses | 2(a) | | | |
| Governance | | (241,390) | (83,530) | (277,145) |
| General purpose funding | | (54,489) | (239,990) | (63,452) |
| Law, order, public safety | | (116,405) | (133,639) | (101,143) |
| Health | | (88,430) | (69,122) | (59,863) |
| Education and welfare | | (51,739) | (47,890) | (34,167) |
| Housing | | (101,104) | (171,386) | (266,619) |
| Community amenities | | (164,488) | (180,101) | (159,959) |
| Recreation and culture | | (990,652) | (899,335) | (951,250) |
| Transport | | (2,650,701) | (2,179,059) | (1,927,038) |
| Economic services | | (210,974) | (228,403) | (170,503) |
| Other property and services | | (115,102) | (136,358) | (53,222) |
| | | <u>(4,785,474)</u> | <u>(4,368,813)</u> | <u>(4,064,361)</u> |
| Finance costs | 2(a) | | | |
| Governance | | 0 | 0 | 0 |
| General purpose funding | | (76) | 0 | (2,384) |
| Law, order, public safety | | 0 | 0 | 0 |
| Health | | 0 | 0 | 0 |
| Education and welfare | | (6,659) | (6,751) | (6,355) |
| Housing | | (22,044) | (22,936) | (22,115) |
| Community amenities | | 0 | 0 | 0 |
| Recreation and culture | | (6,393) | (6,480) | (6,101) |
| Transport | | (24,891) | (27,255) | (27,201) |
| Economic services | | 0 | 0 | 0 |
| Other property and services | | 0 | 0 | 0 |
| | | <u>(60,063)</u> | <u>(63,422)</u> | <u>(64,156)</u> |
| | | <u>(1,649,170)</u> | <u>(1,452,492)</u> | <u>(735,306)</u> |
| Non-operating grants, subsidies and contributions | 29 | 823,830 | 2,131,147 | 1,839,759 |
| Profit on disposal of assets | 20 | 16,566 | 25,370 | 3,320 |
| (Loss) on disposal of assets | 20 | (8,543) | 0 | (35,123) |
| Net result | | <u>(817,317)</u> | <u>704,025</u> | <u>1,072,650</u> |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 12 | (139,829) | 0 | (9,417,461) |
| Total other comprehensive income | | <u>(139,829)</u> | <u>0</u> | <u>(9,417,461)</u> |
| Total comprehensive income | | <u>(957,146)</u> | <u>704,025</u> | <u>(8,344,811)</u> |

This statement is to be read in conjunction with the accompanying notes.
Shire of Mingenew Annual Report 2015/16

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

| | NOTE | 2016 \$ | 2015 \$ |
|---|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 1,146,578 | 1,084,154 |
| Trade and other receivables | 4 | 46,466 | 88,138 |
| Inventories | 5 | 53,679 | 49,419 |
| TOTAL CURRENT ASSETS | | <u>1,246,723</u> | <u>1,221,711</u> |
| NON-CURRENT ASSETS | | | |
| Inventories | 5 | 50,000 | 50,000 |
| Property, plant and equipment | 6 | 10,380,613 | 11,138,778 |
| Infrastructure | 7 | 28,726,661 | 29,247,377 |
| TOTAL NON-CURRENT ASSETS | | <u>39,157,274</u> | <u>40,436,155</u> |
| TOTAL ASSETS | | <u>40,403,997</u> | <u>41,657,866</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 244,106 | 404,019 |
| Current portion of long term borrowings | 9 | 181,410 | 172,463 |
| Provisions | 10 | 261,493 | 239,905 |
| TOTAL CURRENT LIABILITIES | | <u>687,009</u> | <u>816,387</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | 9 | 705,769 | 887,178 |
| Provisions | 10 | 104,516 | 90,452 |
| TOTAL NON-CURRENT LIABILITIES | | <u>810,285</u> | <u>977,630</u> |
| TOTAL LIABILITIES | | <u>1,497,294</u> | <u>1,794,017</u> |
| NET ASSETS | | <u>38,906,703</u> | <u>39,863,849</u> |
| EQUITY | | | |
| Retained surplus | | 28,203,158 | 29,057,128 |
| Reserves - cash backed | 11 | 308,616 | 271,963 |
| Revaluation surplus | 12 | 10,394,929 | 10,534,758 |
| TOTAL EQUITY | | <u>38,906,703</u> | <u>39,863,849</u> |

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

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

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|-----------------------------------|------|---------------------------|----------------------------------|------------------------------|--------------------------|
| Balance as at 1 July 2014 | | 27,977,199 | 279,242 | 19,952,219 | 48,208,660 |
| Comprehensive income | | | | | |
| Net result | | 1,072,650 | 0 | 0 | 1,072,650 |
| Changes on revaluation of assets | 12 | 0 | 0 | (9,417,461) | (9,417,461) |
| Total comprehensive income | | <u>1,072,650</u> | <u>0</u> | <u>(9,417,461)</u> | <u>(8,344,811)</u> |
| Transfers from/(to) reserves | | 7,279 | (7,279) | 0 | 0 |
| | | <u>7,279</u> | <u>(7,279)</u> | <u>0</u> | <u>0</u> |
| Balance as at 30 June 2015 | | 29,057,128 | 271,963 | 10,534,758 | 39,863,849 |
| Comprehensive income | | | | | |
| Net result | | (817,317) | 0 | 0 | (817,317) |
| Changes on revaluation of assets | 12 | 0 | 0 | (139,829) | (139,829) |
| Total comprehensive income | | <u>(817,317)</u> | <u>0</u> | <u>(139,829)</u> | <u>(957,146)</u> |
| Transfers from/(to) reserves | | (36,653) | 36,653 | 0 | 0 |
| | | <u>(36,653)</u> | <u>36,653</u> | <u>0</u> | <u>0</u> |
| Balance as at 30 June 2016 | | <u>28,203,158</u> | <u>308,616</u> | <u>10,394,929</u> | <u>38,906,703</u> |

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

**SHIRE OF MINGENEW
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 | | 1,706,991 | 1,759,176 | 1,631,706 |
| Operating grants, subsidies and contributions | | 515,434 | 458,207 | 1,754,438 |
| Fees and charges | | 270,945 | 296,559 | 272,587 |
| Interest earnings | | 34,300 | 24,498 | 29,162 |
| Goods and services tax | | 0 | 0 | 46,118 |
| Other revenue | | 718,861 | 446,988 | 7,124 |
| | | <u>3,246,531</u> | <u>2,985,428</u> | <u>3,741,135</u> |
| Payments | | | | |
| Employee costs | | (903,429) | (905,163) | (988,249) |
| Materials and contracts | | (782,584) | (914,857) | (1,079,159) |
| Utility charges | | (110,352) | (161,042) | (103,469) |
| Interest expenses | | (62,730) | (167,139) | (56,658) |
| Insurance expenses | | (138,975) | (166,025) | (192,139) |
| Goods and services tax | | (4,060) | (5,863) | (41,143) |
| Other expenditure | | (609,533) | (501,385) | (54,225) |
| | | <u>(2,611,663)</u> | <u>(2,821,474)</u> | <u>(2,515,042)</u> |
| Net cash provided by (used in) operating activities | 13(b) | <u>634,868</u> | <u>163,954</u> | <u>1,226,093</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for development of Land held for resale | | 0 | (200,000) | 0 |
| Payments for purchase of property, plant & equipment | | (216,654) | (977,000) | (532,735) |
| Payments for construction of infrastructure | | (1,118,522) | (1,731,752) | (1,474,414) |
| Non-operating grants, subsidies and contributions | | 823,830 | 2,131,147 | 1,425,760 |
| Proceeds from sale of fixed assets | | 111,364 | 110,000 | 113,082 |
| Net cash provided by (used in) investment activities | | <u>(399,982)</u> | <u>(667,605)</u> | <u>(468,307)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of debentures | | (172,462) | (172,463) | (148,419) |
| Proceeds from new debentures | | 0 | 0 | 170,000 |
| Net cash provided by (used in) financing activities | | <u>(172,462)</u> | <u>(172,463)</u> | <u>21,581</u> |
| Net increase (decrease) in cash held | | 62,424 | (676,114) | 779,367 |
| Cash at beginning of year | | 1,084,154 | 1,076,858 | 304,787 |
| Cash and cash equivalents at the end of the year | 13(a) | <u><u>1,146,578</u></u> | <u><u>400,744</u></u> | <u><u>1,084,154</u></u> |

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

**SHIRE OF MINGENEW
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) | <u>505,333</u> 505,333 | <u>467,988</u> 467,988 | <u>(219,395)</u> (219,395) |
| Revenue from operating activities (excluding rates) | | | |
| Governance | 23,185 | 12,564 | 34,390 |
| General purpose funding | 343,452 | 372,011 | 918,912 |
| Law, order, public safety | 35,864 | 33,780 | 33,940 |
| Health | 436 | 1,000 | 23,620 |
| Education and welfare | 5,532 | 5,290 | 34,540 |
| Housing | 108,001 | 117,343 | 110,284 |
| Community amenities | 160,551 | 86,175 | 67,286 |
| Recreation and culture | 31,014 | 31,086 | 75,486 |
| Transport | 643,785 | 485,758 | 256,281 |
| Economic services | 7,300 | 10,630 | 53,760 |
| Other property and services | <u>177,692</u> | <u>128,359</u> | <u>130,168</u> |
| | 1,536,812 | 1,283,996 | 1,738,667 |
| Expenditure from operating activities | | | |
| Governance | (248,885) | (83,530) | (277,145) |
| General purpose funding | (54,565) | (239,990) | (65,836) |
| Law, order, public safety | (116,419) | (133,639) | (119,834) |
| Health | (88,430) | (69,122) | (59,863) |
| Education and welfare | (58,455) | (54,641) | (40,522) |
| Housing | (124,125) | (194,322) | (288,734) |
| Community amenities | (164,488) | (180,101) | (159,959) |
| Recreation and culture | (997,045) | (905,815) | (965,402) |
| Transport | (2,675,592) | (2,206,314) | (1,962,620) |
| Economic services | (210,974) | (228,403) | (170,503) |
| Other property and services | <u>(115,102)</u> | <u>(136,358)</u> | <u>(53,222)</u> |
| | (4,854,080) | (4,432,235) | (4,163,640) |
| Operating activities excluded from budget | | | |
| (Profit) on disposal of assets | 20 (16,566) | (25,370) | (3,320) |
| Loss on disposal of assets | 20 8,543 | 0 | 35,123 |
| Donated Asset - Bushfire Equipment | 0 | 0 | (413,998) |
| Change in Value of Bridge | 0 | 0 | 35,871 |
| Movement in employee benefit provisions | 35,651 | 0 | 82,520 |
| Depreciation and amortisation on assets | 2(a) <u>2,370,889</u> | <u>1,850,000</u> | <u>1,816,963</u> |
| Amount attributable to operating activities | (413,418) | (855,621) | (1,091,209) |
| INVESTING ACTIVITIES | | | |
| Non-operating grants, subsidies and contributions | 823,830 | 2,131,147 | 1,839,759 |
| Proceeds from disposal of assets | 20 111,364 | 110,000 | 113,082 |
| Purchase of land held for resale | 0 | (200,000) | 0 |
| Purchase of property, plant and equipment | 6(b) (216,654) | (977,000) | (532,735) |
| Purchase and construction of infrastructure | 7(b) <u>(1,118,522)</u> | <u>(1,731,753)</u> | <u>(1,510,285)</u> |
| Amount attributable to investing activities | (399,982) | (667,606) | (90,179) |
| FINANCING ACTIVITIES | | | |
| Repayment of debentures | 21(a) (172,462) | (172,463) | (148,419) |
| Proceeds from new debentures | 21(a) 0 | 0 | 170,000 |
| Transfers to reserves (restricted assets) | 11 (36,653) | (25,428) | (26,618) |
| Transfers from reserves (restricted assets) | 11 0 | 0 | 33,897 |
| Amount attributable to financing activities | (209,115) | (197,891) | 28,860 |
| Surplus(deficiency) before general rates | <u>(1,022,515)</u> | <u>(1,721,118)</u> | <u>(1,152,528)</u> |
| Total amount raised from general rates | 22 <u>1,676,121</u> | <u>1,721,118</u> | <u>1,657,864</u> |
| Net current assets at June 30 c/fwd - surplus/(deficit) | 23 <u><u>653,606</u></u> | <u><u>0</u></u> | <u><u>505,336</u></u> |

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

SHIRE OF MINGENEW
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.

All amounts are stated in Australian dollars.

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

Capitalisation threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

SHIRE OF MINGENEW
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 MINGENEW
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 | October 2015 | 1 January 2018 | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant. |
| (iii) AASB 16 Leases | February 2016 | 1 January 2019 | Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant. |

SHIRE OF MINGENEW
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 |
|---|-------------------|---------------------------|--|
| <p>(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p> | August 2014 | 1 January 2016 | <p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p> |
| <p>(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 & 138]</p> | August 2014 | 1 January 2016 | <p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p> |
| <p>(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p> | December 2014 | 1 January 2018 | <p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p> |

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

**SHIRE OF MINGENEW
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

DRAFT

SHIRE OF MINGENEW
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 | 20,381 | 24,477 | |
| - Interim Audit | 4,503 | 9,850 | |
| - Project Acquittal Audits | 3,000 | 2,925 | |
| Depreciation | | | |
| Buildings - non-specialised | 430,658 | 409,894 | |
| Furniture and equipment | 14,342 | 49,095 | |
| Plant and equipment | 240,186 | 253,406 | |
| Bushfire Equipment | 45,928 | 6,503 | |
| Tools | 536 | 1,247 | |
| Infrastructure - roads | 1,369,532 | 896,512 | |
| Infrastructure - footpaths | 17,791 | 42,224 | |
| Infrastructure - drainage | 2,309 | 5,675 | |
| Infrastructure - recreation | 93,397 | 1,099 | |
| Infrastructure - other | 10,893 | 0 | |
| Airfields | 9,072 | 0 | |
| Bridges | 136,245 | 151,308 | |
| | <u>2,370,889</u> | <u>1,816,963</u> | |
| Interest expenses (finance costs) | | | |
| Debentures (refer Note 21 (a)) | 59,988 | 61,772 | |
| Overdraft Interest | 76 | 2,384 | |
| | <u>60,064</u> | <u>64,156</u> | |
| Rental charges | | | |
| - Operating leases | 4,596 | 18,755 | |
| | <u>4,596</u> | <u>18,755</u> | |
| (ii) Crediting as revenue: | | | |
| Significant revenue | | | |
| Donation of asset | 0 | 413,999 | |
| | <u>0</u> | <u>413,999</u> | |
| Other revenue | | | |
| Reimbursements and recoveries | 718,295 | 0 | |
| Other | 566 | 7,124 | |
| | <u>718,861</u> | <u>7,124</u> | |
| | <u>2,370,889</u> | <u>1,816,963</u> | |
| | 2016 | 2016 | |
| | Actual | Budget | |
| | \$ | \$ | |
| Interest earnings | | | |
| - Reserve funds | 3,640 | 5,428 | 6,618 |
| - Other funds | 17,904 | 9,000 | 9,873 |
| Other interest revenue (refer note 27) | 12,756 | 10,070 | 12,672 |
| | <u>34,300</u> | <u>24,498</u> | <u>29,163</u> |

SHIRE OF MINGENEW
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

Standing proud. Growing strong.

COMMUNITY ASPIRATIONS AND VALUES

Strong leaders, good decisions.
Striving to be innovative and progressive.
Respecting our environment and each other.
Proud independent community spirit.

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Support of day care centre and Autumn Centre Senior Citizens.
Youth and seniors projects.

HOUSING

Objective:

To provide and maintain housing for staff, senior citizens and the community.

Activities:

Provision and maintenance of housing.

SHIRE OF MINGENEW
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, administration of town planning schemes, maintenance of the cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Activities:

Maintenance of recreational and cultural facilities including the recreation centre 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, 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 support of the Tourist and Promotions group. Provision of rural services including weed control, vermin control and standpipes. Building Control. Drum Muster.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF MINGENEW
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 \$ |
|------------------------------------|-----------------------|--|--|--|---|--|--|--------------------------------------|
| Dept of Local Govt LTFP | Governance | 8,000 | 0 | (8,000) | 0 | 0 | 0 | 0 |
| Dept of Local Govt Strategic Planr | Governance | 9,376 | 0 | (9,376) | 0 | 0 | 0 | 0 |
| Royalties for Regions | Housing | 6,041 | 0 | (6,041) | 0 | 0 | 0 | 0 |
| DFES | Law, Order | 2,545 | 0 | (2,545) | 0 | 0 | 0 | 0 |
| Royalties for Regions | Transport | 229,790 | 0 | (178,159) | 51,631 | 0 | (51,631) | 0 |
| Roads to Recovery | Transport | 52,000 | 325,189 | (242,941) | 134,248 | 0 | (81,343) | 52,905 |
| Roads to Recovery | Transport | 0 | 200,000 | (164,129) | 35,871 | 0 | (35,871) | 0 |
| MWDC - Ambulance Setdown | Health | 0 | 23,400 | 0 | 23,400 | 0 | (23,400) | 0 |
| MWDC - Mens Shed Ablutions | Education & We | 0 | 31,025 | 0 | 31,025 | 0 | (31,025) | 0 |
| Office of Crime Prevention - Rural | Law, Order | 0 | 3,643 | 0 | 3,643 | 0 | (114) | 3,529 |
| Royalties for Regions | Transport | 0 | 283,823 | (233,823) | 50,000 | 0 | (50,000) | 0 |
| Town Revitalisation Plan | Community Ame | 0 | 0 | 0 | 0 | 60,000 | 0 | 60,000 |
| Town Planning Scheme | Community Ame | 0 | 0 | 0 | 0 | 25,000 | 0 | 25,000 |
| Roads to Recovery | Transport | 0 | 0 | 0 | 0 | 75,191 | 0 | 75,191 |
| Total | | <u>307,752</u> | <u>867,080</u> | <u>(845,014)</u> | <u>329,818</u> | <u>160,191</u> | <u>(273,384)</u> | <u>216,625</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 MINGENEW
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 | | 621,333 | 464,822 |
| Restricted | | <u>525,245</u> | <u>619,332</u> |
| | | <u><u>1,146,578</u></u> | <u><u>1,084,154</u></u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Leave reserve | 11 | 13,907 | 13,724 |
| Plant replacement reserve | 11 | 146,392 | 131,625 |
| Land and building reserve | 11 | 43,920 | 43,342 |
| Sportsground Improvement Reserve | 11 | 2,695 | 2,659 |
| Aged Persons Units Reserve | 11 | 20,002 | 19,739 |
| Street Lighting Upgrade Reserve | 11 | 14,306 | 14,118 |
| Painted Road Reserve | 11 | 4,202 | 4,146 |
| Environmental Rehabilitation Reserve | 11 | 17,799 | 17,565 |
| Industrial Area Development Reserve | 11 | 5,227 | 5,159 |
| RTC/PO/NAB Reserve | 11 | 20,153 | 19,887 |
| Insurance Reserve | 11 | 20,016 | 0 |
| Unspent grants | 2(c) | 216,625 | 329,818 |
| Unspent loans | | 0 | 17,550 |
| | | <u>525,244</u> | <u>619,332</u> |
| | | 2016 \$ | 2015 \$ |
| 4. TRADE AND OTHER RECEIVABLES | | | |
| Current | | | |
| Rates outstanding | | 37,609 | 33,400 |
| Sundry debtors | | 1,951 | 56,323 |
| GST receivable | | 4,060 | 0 |
| Provision for Doubtful Debts | | (1,585) | (1,585) |
| Prepayments | | <u>4,431</u> | <u>0</u> |
| | | <u>46,466</u> | <u>88,138</u> |
| Non-current | | | |
| | | <u>0</u> | <u>0</u> |
| 5. INVENTORIES | | | |
| Current | | | |
| Fuel and materials | | 13,285 | 9,025 |
| Land held for resale - cost | | | |
| Development costs | | <u>40,394</u> | <u>40,394</u> |
| | | <u>53,679</u> | <u>49,419</u> |
| Non-current | | | |
| Land held for resale - cost | | | |
| Cost of acquisition | | 0 | 0 |
| Development costs | | <u>50,000</u> | <u>50,000</u> |
| | | <u>50,000</u> | <u>50,000</u> |

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

| | 2016 \$ | 2015 \$ |
|---|--------------------------|--------------------------|
| 6 (a). PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings | | |
| Land - freehold at: | | |
| - Independent valuation 2014 - level 2 | 1,471,016 | 1,471,016 |
| | <u>1,471,016</u> | <u>1,471,016</u> |
| Land - vested in and under the control of Council at: | | |
| - Independent valuation 2014 - level 3 | 15,000 | 15,000 |
| | <u>15,000</u> | <u>15,000</u> |
| Buildings - non-specialised at: | | |
| - Independent valuation 2014 - level 2 | 7,732,912 | 7,732,912 |
| - Additions after valuation - cost | 346,844 | 273,982 |
| Less: accumulated depreciation | <u>(850,659)</u> | <u>(420,001)</u> |
| | 7,229,097 | 7,586,893 |
| Total land and buildings | <u><u>8,715,113</u></u> | <u><u>9,072,909</u></u> |
| Furniture and equipment at: | | |
| - Management valuation 2015 - level 3 | 0 | 81,780 |
| - Management valuation 2016 - level 3 | 81,914 | 0 |
| Less accumulated depreciation | <u>0</u> | <u>0</u> |
| | 81,914 | 81,780 |
| Plant and equipment at: | | |
| - Management valuation 2013 - level 3 | 0 | 1,747,572 |
| - Management valuation 2016 - level 3 | 1,118,085 | 0 |
| - Additions after valuation - cost | 0 | 252,299 |
| Less accumulated depreciation | <u>0</u> | <u>(487,359)</u> |
| | 1,118,085 | 1,512,512 |
| Bushfire Equipment at: | | |
| - Management valuation 2015 - level 3 | 0 | 466,411 |
| - Management valuation 2016 - level 3 | 460,885 | 0 |
| Less accumulated amortisation | <u>0</u> | <u>0</u> |
| | 460,885 | 466,411 |
| Tools at: | | |
| - Management valuation 2015 - level 3 | 0 | 5,166 |
| - Management valuation 2016 - level 3 | 4,616 | 0 |
| Less accumulated depreciation | <u>0</u> | <u>0</u> |
| | 4,616 | 5,166 |
| | <u><u>10,380,613</u></u> | <u><u>11,138,778</u></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 MINGENEW
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

| | Balance at the Beginning of the Year \$ | Additions \$ | (Disposals) \$ | Revaluation Increments/ (Decrements) Transferred to Revaluation \$ | Revaluation (Losses)/ Reversals Through to Profit or Loss \$ | Impairment (Losses)/ Reversals \$ | Depreciation (Expense) \$ | Transfers \$ | Carrying Amount at the End of Year \$ |
|--|---|-----------------|-------------------|--|--|--|---------------------------------|-----------------|---|
| Land - freehold | 1,471,016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,471,016 |
| Land - vested in and under the control of Council | 15,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,000 |
| Total land | 1,486,016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,486,016 |
| Buildings - non-specialised | 7,586,893 | 72,862 | 0 | 0 | 0 | 0 | (430,658) | 0 | 7,229,097 |
| Total buildings | 7,586,893 | 72,862 | 0 | 0 | 0 | 0 | (430,658) | 0 | 7,229,097 |
| Total land and buildings | 9,072,909 | 72,862 | 0 | 0 | 0 | 0 | (430,658) | 0 | 8,715,113 |
| Furniture and equipment | 81,780 | 15,801 | (1,325) | 0 | 0 | 0 | (14,342) | 0 | 81,914 |
| Plant and equipment | 1,512,512 | 127,991 | (102,002) | (180,230) | 0 | 0 | (240,186) | 0 | 1,118,085 |
| Bushfire Equipment | 466,411 | 0 | 0 | 40,401 | 0 | 0 | (45,928) | 0 | 460,884 |
| Tools | 5,166 | 0 | (15) | 0 | 0 | 0 | (536) | 0 | 4,615 |
| Total property, plant and equipment | 11,138,778 | 216,654 | (103,342) | (139,829) | 0 | 0 | (731,650) | 0 | 10,380,611 |

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|---|----------------------|---|-------------------------------|------------------------|--|
| Land and buildings | | | | | |
| Land - freehold | 2 | Market approach using recent observable market data for similar properties | Independent Registered Valuer | June 2014 | Price per hectare |
| Land - vested in and under the control of Council | 3 | Market approach using recent observable market data for similar properties | Independent Registered Valuer | June 2014 | Price per hectare |
| Buildings - non-specialised | 2 | Market approach using recent observable market data for similar properties | Independent Registered Valuer | June 2014 | Market data/Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs. |
| Furniture and equipment | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2016 | Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs. |
| Plant and equipment | | | | | |
| - Management valuation 2016 | 3 | Market approach using recent observable market data for similar assets/cost approach using depreciated replacement cost | Management Valuation | June 2016 | Market data/costs and current condition (Level 2), residual values and remaining useful life assessments |
| Bushfire Equipment | 3 | Market approach using recent observable market data for similar assets/cost approach using depreciated replacement cost | Management Valuation | June 2016 | Market data/costs and current condition (Level 2), residual values and remaining useful life assessments |
| Tools | 3 | Cost approach using depreciated replacement cost | Management Valuation | June 2016 | 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

| | 2016 \$ | 2015 \$ |
|---------------------------------------|---------------------|---------------------|
| 7 (a). INFRASTRUCTURE | | |
| Infrastructure - roads | | |
| - Management valuation 2015 - level 3 | 39,526,452 | 39,526,452 |
| - Additions after valuation - cost | 1,094,256 | 0 |
| Less accumulated depreciation | <u>(16,504,574)</u> | <u>(15,135,042)</u> |
| | 24,116,134 | 24,391,410 |
| | | |
| Infrastructure - footpaths | | |
| - Management valuation 2015 - level 3 | 834,860 | 834,860 |
| Less accumulated depreciation | <u>(591,503)</u> | <u>(573,712)</u> |
| | 243,357 | 261,148 |
| | | |
| Infrastructure - drainage | | |
| - Management valuation 2015 - level 3 | 184,000 | 184,000 |
| - Additions after valuation - cost | 22,064 | 0 |
| Less accumulated depreciation | <u>(48,309)</u> | <u>(46,000)</u> |
| | 157,755 | 138,000 |
| | | |
| Infrastructure - recreation | | |
| - Management valuation 2015 - level 3 | 948,800 | 948,800 |
| - Additions after valuation - cost | 2,202 | 0 |
| Less accumulated depreciation | <u>(93,396)</u> | <u>0</u> |
| | 857,606 | 948,800 |
| | | |
| Infrastructure - other | | |
| - Management valuation 2015 - level 3 | 119,500 | 119,500 |
| Less accumulated depreciation | <u>(10,893)</u> | <u>0</u> |
| | 108,607 | 119,500 |
| | | |
| Airfields | | |
| - Management valuation 2015 - level 3 | 147,420 | 147,420 |
| Less accumulated depreciation | <u>(54,432)</u> | <u>(45,360)</u> |
| | 92,988 | 102,060 |
| | | |
| Bridges | | |
| - Management valuation 2015 - level 3 | 6,812,250 | 6,812,250 |
| Less accumulated depreciation | <u>(3,662,036)</u> | <u>(3,525,791)</u> |
| | 3,150,214 | 3,286,459 |
| | <u>28,726,661</u> | <u>29,247,377</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 MINGENEW
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

| | Balance as at the Beginning of the Year | Additions | (Disposals) | Revaluation Increments/ (Decrements) Transferred to Revaluation | Revaluation (Loss)/ Reversal Transferred to Profit or Loss | Impairment (Losses)/ Reversals | Depreciation (Expense) | Transfers | Carrying Amount at the End of the Year |
|-----------------------------|--|------------------|-------------|--|---|--------------------------------------|---------------------------|-----------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Infrastructure - roads | 24,391,410 | 1,094,256 | 0 | 0 | 0 | 0 | (1,369,532) | 0 | 24,116,134 |
| Infrastructure - footpaths | 261,148 | 0 | 0 | 0 | 0 | 0 | (17,791) | 0 | 243,357 |
| Infrastructure - drainage | 138,000 | 22,064 | 0 | 0 | 0 | 0 | (2,309) | 0 | 157,755 |
| Infrastructure - recreation | 948,800 | 2,202 | 0 | 0 | 0 | 0 | (93,397) | 0 | 857,605 |
| Infrastructure - other | 119,500 | 0 | 0 | 0 | 0 | 0 | (10,893) | 0 | 108,607 |
| Airfields | 102,060 | 0 | 0 | 0 | 0 | 0 | (9,072) | 0 | 92,988 |
| Bridges | 3,286,459 | 0 | 0 | 0 | 0 | 0 | (136,245) | 0 | 3,150,214 |
| Total infrastructure | 29,247,377 | 1,118,522 | 0 | 0 | 0 | 0 | (1,639,239) | 0 | 28,726,660 |

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of valuation | Date of last Valuation | Inputs used |
|------------------------------------|-----------------------------|----------------------------|-------------------------------|-------------------------------|--|
| Infrastructure - roads | 3 | Depreciated Cost | Independent specialist valuer | June 2015 | Depreciated cost value of similar assets adjusted for condition and comparability. |
| Infrastructure - footpaths | 3 | Depreciated Cost | Independent specialist valuer | June 2015 | Depreciated cost value of similar assets adjusted for condition and comparability. |
| Infrastructure - drainage | 3 | Depreciated Cost | Independent specialist valuer | June 2015 | Depreciated cost value of similar assets adjusted for condition and comparability. |
| Infrastructure - recreation | 3 | Depreciated Cost | Independent specialist valuer | June 2015 | Depreciated cost value of similar assets adjusted for condition and comparability. |
| Infrastructure - other | 3 | Depreciated Cost | Independent specialist valuer | June 2015 | Depreciated cost value of similar assets adjusted for condition and comparability. |
| Airfields | 3 | Depreciated Cost | Independent specialist valuer | June 2015 | Depreciated cost value of similar assets adjusted for condition and comparability. |
| Bridges | 3 | Depreciated Cost | Independent specialist valuer | June 2015 | Depreciated cost value of similar assets adjusted for condition and comparability. |

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

| | 2016 \$ | 2015 \$ |
|------------------------------------|----------------|----------------|
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry creditors | 195,749 | 363,017 |
| Accrued interest on debentures | 13,814 | 16,480 |
| Accrued salaries and wages | 1,978 | 16,268 |
| ATO liabilities | 5,525 | 0 |
| Accrued Expenditure | 20,260 | 8,254 |
| Income in Advance | 6,780 | 0 |
| | <u>244,106</u> | <u>404,019</u> |

9. LONG-TERM BORROWINGS

| | | |
|----------------------------|----------------|----------------|
| Current | | |
| Secured by floating charge | | |
| Debentures | 181,410 | 172,463 |
| | <u>181,410</u> | <u>172,463</u> |
| Non-current | | |
| Secured by floating charge | | |
| Debentures | 705,769 | 887,178 |
| | <u>705,769</u> | <u>887,178</u> |

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|---------------------------------------|--|--|----------------|
| Opening balance at 1 July 2015 | | | |
| Current provisions | 135,563 | 104,342 | 239,905 |
| Non-current provisions | 0 | 90,452 | 90,452 |
| | <u>135,563</u> | <u>194,794</u> | <u>330,357</u> |
| Additional provision | 15,285 | 20,367 | 35,652 |
| Balance at 30 June 2016 | <u>150,848</u> | <u>215,161</u> | <u>366,009</u> |
| Comprises | | | |
| Current | 150,848 | 110,645 | 261,493 |
| Non-current | 0 | 104,516 | 104,516 |
| | <u>150,848</u> | <u>215,161</u> | <u>366,009</u> |

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

11. RESERVES - CASH BACKED

| | Actual 2016 Opening Balance \$ | Actual 2016 Transfer to \$ | Actual 2016 Transfer (from) \$ | Actual 2016 Closing Balance \$ | Budget 2016 Opening Balance \$ | Budget 2016 Transfer to \$ | Budget 2016 Transfer (from) \$ | Budget 2016 Closing Balance \$ | Actual 2015 Opening Balance \$ | Actual 2015 Transfer to \$ | Actual 2015 Transfer (from) \$ | Actual 2015 Closing Balance \$ |
|---------------------|--|-------------------------------------|--|--|--|-------------------------------------|--|--|--|-------------------------------------|--|--|
| Leave reserve | 13,724 | 183 | 0 | 13,907 | 13,724 | 274 | 0 | 13,998 | 13,455 | 269 | 0 | 13,724 |
| Plant replacement | 131,625 | 14,767 | 0 | 146,392 | 131,625 | 2,626 | 0 | 134,251 | 115,239 | 22,964 | (6,578) | 131,625 |
| Land and building r | 43,342 | 578 | 0 | 43,920 | 43,342 | 866 | 0 | 44,208 | 68,999 | 1,662 | (27,319) | 43,342 |
| Sportsground Impr | 2,658 | 36 | 0 | 2,694 | 2,659 | 53 | 0 | 2,712 | 2,604 | 55 | 0 | 2,659 |
| Aged Persons Unit | 19,739 | 263 | 0 | 20,002 | 19,739 | 394 | 0 | 20,133 | 19,330 | 409 | 0 | 19,739 |
| Street Lighting Upg | 14,118 | 188 | 0 | 14,306 | 14,118 | 282 | 0 | 14,400 | 13,826 | 292 | 0 | 14,118 |
| Painted Road Rese | 4,146 | 55 | 0 | 4,201 | 4,146 | 83 | 0 | 4,229 | 4,056 | 90 | 0 | 4,146 |
| Environmental Reh | 17,565 | 234 | 0 | 17,799 | 17,565 | 350 | 0 | 17,915 | 17,201 | 364 | 0 | 17,565 |
| Industrial Area Dev | 5,159 | 68 | 0 | 5,227 | 5,159 | 103 | 0 | 5,262 | 5,056 | 103 | 0 | 5,159 |
| RTC/PO/NAB Rese | 19,888 | 265 | 0 | 20,153 | 19,887 | 397 | 0 | 20,284 | 19,476 | 412 | 0 | 19,888 |
| Insurance Reserve | 0 | 20,016 | 0 | 20,016 | 0 | 20,000 | 0 | 20,000 | 0 | 0 | 0 | 0 |
| | <u>271,964</u> | <u>36,653</u> | <u>0</u> | <u>308,617</u> | <u>271,964</u> | <u>25,428</u> | <u>0</u> | <u>297,392</u> | <u>279,242</u> | <u>26,618</u> | <u>(33,897)</u> | <u>271,963</u> |

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

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

| Name of Reseve | Anticipated date of use | Purpose of the reserve |
|--------------------------------------|-------------------------|---|
| Leave reserve | TBD | To be used to fund annual and long service leave requirements. |
| Plant replacement reserve | TBD | To be used for the purchase of plant |
| Land and building reserve | TBD | To be used for the acquisition, construction and maintenance of land and buildings |
| Sportsground Improvement Reserve | TBD | To be used for the improvement of the sportsground. |
| Aged Persons Units Reserve | TBD | To be used for the funding of future operating shortfalls of the aged person's units in accordance with the management agreement Council has with Homeswest |
| Street Lighting Upgrade Reserve | TBD | To be used for the upgrade of street lights in the town of Mingenew. |
| Painted Road Reserve | TBD | To be used for the painted road and associated projects. |
| Environmental Rehabilitation Reserve | TBD | To be used for the rehabilitation of gravel pits. |
| Industrial Area Development Reserve | TBD | To be used for the development of the industrial area. |
| RTC/PO/NAB Reserve | TBD | To be used for the maintenance and upkeep of the Rural Transaction Centre |
| Insurance Reserve | TBD | To be used for the settlement of minor property expenses under \$5,000 |

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

12. REVALUATION SURPLUS

| | 2016 Opening Balance | 2016 Revaluation Increment | 2016 Revaluation Decrement | 2016 Total Movement on Revaluation | 2016 Closing Balance | 2015 Opening Balance | 2015 Revaluation Increment | 2015 Revaluation Decrement | 2015 Total Movement on Revaluation | 2015 Closing Balance |
|-----------------------------|-------------------------------------|---|---|---|-------------------------------------|-------------------------------------|---|---|---|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land and buildings | 4,713,033 | 0 | 0 | 0 | 4,713,033 | 4,713,033 | 0 | 0 | 0 | 4,713,033 |
| Plant and equipment | 296,427 | 0 | (180,230) | (180,230) | 116,197 | 296,427 | 0 | 0 | 0 | 296,427 |
| Bushfire Equipment | 0 | 40,401 | 0 | 40,401 | 40,401 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure - roads | 3,560,384 | 0 | 0 | 0 | 3,560,384 | 11,790,072 | 0 | (8,229,688) | (8,229,688) | 3,560,384 |
| Infrastructure - footpaths | 99,085 | 0 | 0 | 0 | 99,085 | 128,817 | 0 | (29,732) | (29,732) | 99,085 |
| Infrastructure - drainage | 132,054 | 0 | 0 | 0 | 132,054 | 70,699 | 61,355 | 0 | 61,355 | 132,054 |
| Infrastructure - recreation | 354,493 | 0 | 0 | 0 | 354,493 | 0 | 354,493 | 0 | 354,493 | 354,493 |
| Infrastructure - other | 107,897 | 0 | 0 | 0 | 107,897 | 0 | 107,897 | 0 | 107,897 | 107,897 |
| Airfields | 102,060 | 0 | 0 | 0 | 102,060 | 0 | 102,060 | 0 | 102,060 | 102,060 |
| Bridges | 1,169,324 | 0 | 0 | 0 | 1,169,324 | 2,953,170 | 0 | (1,783,846) | (1,783,846) | 1,169,324 |
| | <u>10,534,757</u> | <u>40,401</u> | <u>(180,230)</u> | <u>(139,829)</u> | <u>10,394,928</u> | <u>19,952,218</u> | <u>625,805</u> | <u>(10,043,266)</u> | <u>(9,417,461)</u> | <u>10,534,757</u> |

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

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2016 \$ | 2016 Budget \$ | 2015 \$ |
|---------------------------|-------------------|------------------------------------|-------------------|
| Cash and cash equivalents | <u>1,146,578</u> | <u>400,744</u> | <u>1,084,154</u> |

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

| | | | |
|--|------------------|--------------------|--------------------|
| Net result | (817,317) | 704,026 | 1,072,651 |
| Non-cash flows in Net result: | | | |
| Depreciation | 2,370,889 | 1,850,000 | 1,816,963 |
| (Profit)/Loss on sale of asset | (8,023) | (25,370) | 31,803 |
| Changes in assets and liabilities: | | | |
| (Increase)/Decrease in receivables | 41,670 | (178) | 347,924 |
| (Increase)/Decrease in inventories | (4,260) | 13,607 | 11,289 |
| Increase/(Decrease) in payables | (159,913) | (246,984) | (297,298) |
| Increase/(Decrease) in provisions | 35,652 | 0 | 82,519 |
| Grants contributions for the development of assets | <u>(823,830)</u> | <u>(2,131,147)</u> | <u>(1,839,758)</u> |
| Net cash from operating activities | <u>634,868</u> | <u>163,954</u> | <u>1,226,093</u> |

| | 2016 \$ | 2015 \$ |
|--|-------------------|-------------------|
| (c) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank overdraft limit | 400,000 | 400,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 14,500 | 14,500 |
| Credit card balance at balance date | (510) | (1,378) |
| Total amount of credit unused | <u>413,990</u> | <u>413,122</u> |
| Loan facilities | | |
| Loan facilities - current | 181,410 | 172,463 |
| Loan facilities - non-current | 705,769 | 887,178 |
| Total facilities in use at balance date | <u>887,179</u> | <u>1,059,641</u> |
| Unused loan facilities at balance date | <u>NIL</u> | <u>NIL</u> |

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

14. CONTINGENT LIABILITIES

No known contingent liabilities.

| | 2016 | 2015 |
|--|--------|--------|
| | \$ | \$ |
| 15. CAPITAL AND LEASING COMMITMENTS | | |
| (a) Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not capitalised in the accounts. | | |
| Payable: | | |
| - not later than one year | 4,656 | 9,506 |
| - later than one year but not later than five years | 5,432 | 10,088 |
| - later than five years | 0 | 0 |
| | 10,088 | 19,594 |

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

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

DRAFT

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

16. JOINT VENTURE ARRANGEMENTS

In 1997/98, Council, in conjunction with Homeswest, constructed 3 x 2 bedroom and 1 x one bedroom Aged Persons' Units in the Mingenew townsite. The terms of the joint venture agreement provided for Council to contribute \$59,136 which equates to an equity of 13.92%. Council has subsequently capitalised expenditure on the units. The recalculated equity for Council is 18.53%. Fair Value assessment of the property was undertaken in 2013/14 along with all other Council Land and Building Assets. The amount shown below is 18.58% of the fair value of \$630,000.

| | 2016 \$ | 2015 \$ |
|---|----------------|----------------|
| Non-current assets | | |
| Land and buildings - Independent Valuation 2014 | 117,110 | 117,110 |
| Less: accumulated depreciation | <u>(7,156)</u> | <u>(3,491)</u> |
| | <u>109,954</u> | <u>113,619</u> |

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2016 \$ | 2015 \$ |
|-----------------------------|-------------------|-------------------|
| Governance | 462,608 | 448,126 |
| General purpose funding | 44,514 | 34,985 |
| Law, order, public safety | 511,495 | 519,760 |
| Health | 36,265 | 58,400 |
| Education and welfare | 775,698 | 797,551 |
| Housing | 2,469,341 | 1,974,700 |
| Community amenities | 359,798 | 343,154 |
| Recreation and culture | 3,473,471 | 3,883,716 |
| Transport | 28,504,483 | 29,101,697 |
| Economic services | 532,821 | 1,199,036 |
| Other property and services | 1,355,965 | 1,472,244 |
| Unallocated | <u>1,877,538</u> | <u>1,824,497</u> |
| | <u>40,403,997</u> | <u>41,657,866</u> |

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

| | 2016 | 2015 | 2014 |
|-----------------------------------|--------|--------|--------|
| 18. FINANCIAL RATIOS | | | |
| Current ratio | 1.07 | 0.75 | 0.50 |
| Asset sustainability ratio | 0.49 | 1.10 | 1.49 |
| Debt service cover ratio | 3.40 | 5.33 | (2.17) |
| Operating surplus ratio | (0.60) | (0.32) | (0.75) |
| Own source revenue coverage ratio | 0.57 | 0.57 | 0.49 |

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$236,854.

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

| | 2016 | 2015 |
|--------------------------|------|------|
| Debt service cover ratio | 8.91 | 9.94 |
| Operating surplus ratio | 0.15 | 0.03 |

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

19. TRUST FUNDS

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

| | 1 July 2015 \$ | Amounts Received \$ | Amounts Paid (\$) | 30 June 2016 \$ |
|--|----------------------|---------------------------|-------------------------|-----------------------|
| BCITF Levy | 0 | 2,469 | (1,095) | 1,374 |
| BRB Levy | 0 | 2,299 | (1,213) | 1,086 |
| Nomination Deposits | 0 | 320 | (320) | 0 |
| Centenary/Autumn Committee | 1,871 | 0 | 0 | 1,871 |
| Community Bus | 2,660 | 700 | (900) | 2,460 |
| ANZAC Day | 279 | 222 | 0 | 501 |
| Industrial Land Bonds | 1,000 | 0 | 0 | 1,000 |
| Mid West Industry Road Safety Alliance | 47,342 | 82,500 | (90,192) | 39,650 |
| Mingenew Cemetery Group | 4,314 | 0 | 0 | 4,314 |
| Other Bonds | 1,878 | 945 | (265) | 2,558 |
| Rates Incentive Prizes | 100 | 200 | (100) | 200 |
| Rec Centre Kitchen Upgrade | 1,000 | 0 | (1,000) | 0 |
| Sinosteel Community Trust Fund | 63,415 | 0 | 0 | 63,415 |
| Tree Planter - LCDC | 88 | 0 | 0 | 88 |
| Weary Dunlop Memorial | 87 | 0 | 0 | 87 |
| Mingenew P & C | 5,836 | 6,010 | (11,846) | 0 |
| Joan Trust | 4,461 | 500 | (4,000) | 961 |
| Youth Advisory Council | 746 | 0 | 0 | 746 |
| Community Christmas Tree | 132 | 0 | 0 | 132 |
| Silverchain Committee | 2,267 | 0 | 0 | 2,267 |
| | <u>137,476</u> | | | <u>122,710</u> |

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

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Actual Net Book Value \$ | Actual Sale Proceeds \$ | Actual Profit \$ | Actual Loss \$ | Budget Net Book Value \$ | Budget Sale Proceeds \$ | Budget Profit \$ | Budget Loss \$ |
|----------------------------------|-----------------------------------|----------------------------------|------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|----------------------|
| Plant and Equipment | | | | | | | | |
| <u>Governance</u> | | | | | | | | |
| Toyota Prado | 23,715 | 38,182 | 14,467 | 0 | 31,980 | 40,000 | 8,020 | 0 |
| Subaru Forrester | 34,585 | 29,091 | 0 | (5,494) | 0 | 0 | 0 | 0 |
| Holden Statesman | 1,710 | 0 | 0 | (1,710) | 0 | 0 | 0 | 0 |
| <u>Transport</u> | | | | | | | | |
| Mitsubishi Pajero | 30,027 | 30,909 | 882 | 0 | 34,650 | 45,000 | 10,350 | 0 |
| Volkswagon Amarok | 11,965 | 13,182 | 1,217 | 0 | 18,000 | 25,000 | 7,000 | 0 |
| Bushfire Equipment | | | | | | | | |
| <u>Law, order, public safety</u> | | | | | | | | |
| Fire Extinguisher | 14 | 0 | 0 | (14) | 0 | 0 | 0 | 0 |
| Furniture & Equipment | | | | | | | | |
| <u>Governance</u> | | | | | | | | |
| iPad | 159 | 0 | 0 | (159) | 0 | 0 | 0 | 0 |
| Chair | 132 | 0 | 0 | (132) | 0 | 0 | 0 | 0 |
| <u>Education and welfare</u> | | | | | | | | |
| Urn - Autumn Centre | 57 | 0 | 0 | (57) | 0 | 0 | 0 | 0 |
| Land & Buildings | | | | | | | | |
| <u>Housing</u> | | | | | | | | |
| Airconditioner | 977 | 0 | 0 | (977) | 0 | 0 | 0 | 0 |
| | 103,341 | 111,364 | 16,566 | (8,543) | 84,630 | 110,000 | 25,370 | 0 |

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars | Principal | New | Principal | | Principal | | Interest | | |
|----------------------------------|----------------------|-----|-------------|----------------------------|--------------|------------------------------|--------------|----------------------------|--------------|
| | 1 July 2015 \$ | | Loans \$ | Repayments Actual \$ | Budget \$ | 30 June 2016 Actual \$ | Budget \$ | Repayments Actual \$ | Budget \$ |
| Education and welfare | | | | | | | | | |
| Loan 137 - Seniors Citizens Bldg | 101,513 | | 4,793 | 4,793 | 96,720 | 96,720 | 6,659 | 6,751 | |
| Housing | | | | | | | | | |
| Loan 133 - Triplex | 83,767 | | 10,631 | 10,631 | 73,136 | 73,136 | 5,760 | 6,129 | |
| Loan 134 - Silver Chain House | 57,444 | | 5,314 | 5,314 | 52,130 | 52,130 | 3,715 | 3,888 | |
| Loan 136 - Staff Housing | 123,520 | | 7,258 | 7,258 | 116,262 | 116,262 | 8,585 | 8,750 | |
| Loan 142 - Staff Housing | 75,003 | | 9,192 | 9,192 | 65,811 | 65,811 | 3,985 | 4,169 | |
| Recreation and culture | | | | | | | | | |
| Loan 138 - Pavilion Fitout | 99,652 | | 4,601 | 4,602 | 95,051 | 95,050 | 6,393 | 6,480 | |
| Transport | | | | | | | | | |
| Loan 139 - Roller | 53,149 | | 13,981 | 13,981 | 39,168 | 39,168 | 3,315 | 3,633 | |
| Loan 141 - Grader | 129,354 | | 22,845 | 22,845 | 106,509 | 106,509 | 7,929 | 8,490 | |
| Loan 143 - 2 x Trucks | 107,045 | | 52,274 | 52,274 | 54,771 | 54,771 | 4,324 | 5,192 | |
| Loan 144 - Side Tipping Trailer | 75,003 | | 9,192 | 9,191 | 65,811 | 65,812 | 3,985 | 4,169 | |
| Loan 145 - Drum Roller | 154,192 | | 32,381 | 32,382 | 121,811 | 121,810 | 5,338 | 5,771 | |
| | 1,059,642 | 0 | 172,462 | 172,463 | 887,180 | 887,179 | 59,988 | 63,422 | |
| | 1,059,642 | 0 | 172,462 | 172,463 | 887,180 | 887,179 | 59,988 | 63,422 | |

All loan repayments were financed by general purpose revenue.

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

21. 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

Council established an overdraft facility of \$400,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 1 July 2016 was NIL.

DRAFT

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

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|---|-----------------------|-------------------------------------|----------------------------------|--------------------------------|---------------------------------|------------------------------|---------------------------------|---|---|--|--|
| Differential general rate / general rate | | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | |
| Mingenev - Residential | 0.1313 | 135 | 1,322,880 | 173,680 | (12,362) | 129 | 161,447 | 173,680 | 1,500 | 400 | 175,580 |
| Mingenev - Commercial | 0.1313 | 17 | 384,380 | 50,465 | (3,009) | 0 | 47,456 | 50,465 | 0 | 0 | 50,465 |
| Mingenev - Industrial | 0.1313 | 1 | 12,480 | 1,638 | 0 | 0 | 1,638 | 1,638 | 0 | 0 | 1,638 |
| Yandanooka | 0.0656 | 2 | 14,716 | 966 | 0 | 0 | 966 | 966 | 0 | 0 | 966 |
| Unimproved value valuations | | | | | | | | | | | |
| Rural | 0.0143 | 125 | 97,585,500 | 1,396,449 | 83 | 0 | 1,396,532 | 1,396,449 | 3,500 | 0 | 1,399,949 |
| Mining | 0.3000 | 7 | 53,155 | 15,947 | (3,009) | (518) | 12,420 | 21,924 | 0 | 0 | 21,924 |
| Sub-Total | | 287 | 99,373,111 | 1,639,145 | (18,297) | (389) | 1,620,459 | 1,645,122 | 5,000 | 400 | 1,650,522 |
| Minimum payment | Minimum \$ | | | | | | | | | | |
| Gross rental value valuations | | | | | | | | | | | |
| Mingenev - Residential | 636 | 75 | 92,612 | 47,700 | (6,996) | 0 | 40,704 | 46,428 | 0 | 0 | 46,428 |
| Mingenev - Commercial | 636 | 10 | 16,686 | 6,360 | (5,088) | 0 | 1,272 | 6,360 | 0 | 0 | 6,360 |
| Mingenev - Industrial | 636 | 4 | 9,583 | 2,544 | (1,908) | 0 | 636 | 2,544 | 0 | 0 | 2,544 |
| Yandanooka | 318 | 1 | 20 | 318 | (318) | 0 | 0 | 0 | 0 | 0 | 0 |
| Unimproved value valuations | | | | | | | | | | | |
| Rural | 636 | 19 | 504,100 | 12,084 | (636) | 0 | 11,448 | 12,084 | 0 | 0 | 12,084 |
| Mining | 636 | 5 | | 3,180 | (1,492) | (86) | 1,602 | 3,180 | 0 | 0 | 3,180 |
| Sub-Total | | 114 | 623,001 | 72,186 | (16,438) | (86) | 55,662 | 70,596 | 0 | 0 | 70,596 |
| Totals | | 401 | 99,996,112 | 1,711,331 | (34,735) | (475) | 1,676,121 | 1,715,718 | 5,000 | 400 | 1,721,118 |
| Ex-gratia rates | | | | | | | 33,494 | | | | 33,497 |
| Totals | | | | | | | 1,709,615 | | | | 1,754,615 |

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

23. NET CURRENT ASSETS

Composition of net current assets

| | 2016 (30 June 2016 Carried Forward) \$ | 2016 (1 July 2015 Brought Forward) \$ | 2015 (30 June 2015 Carried Forward) \$ |
|--|--|---|--|
| Surplus/(Deficit) 1 July 15 brought forward | <u>653,606</u> | <u>505,333</u> | <u>505,333</u> |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 621,333 | 482,373 | 482,373 |
| Restricted | 525,245 | 601,782 | 601,782 |
| Receivables | | | |
| Rates outstanding | 37,609 | 34,985 | 34,985 |
| Sundry debtors | 1,951 | 54,738 | 54,738 |
| GST receivable | 4,060 | 0 | 0 |
| Provision for Doubtful Debts | (1,585) | (1,585) | (1,585) |
| Prepayments | 4,431 | 0 | 0 |
| Inventories | | | |
| Fuel and materials | 13,285 | 9,025 | 9,025 |
| Land held for resale - cost | | | |
| Development costs | 40,394 | 40,394 | 40,394 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry creditors | (195,749) | (363,018) | (363,018) |
| Accrued interest on debentures | (13,814) | (16,480) | (16,480) |
| Accrued salaries and wages | (1,978) | (16,268) | (16,268) |
| ATO liabilities | (5,525) | 0 | 0 |
| Accrued Expenditure | (20,260) | (8,254) | (8,254) |
| Income in Advance | (6,780) | 0 | 0 |
| Current portion of long term borrowings | | | |
| Secured by floating charge | (181,410) | (172,463) | (172,463) |
| Provisions | | | |
| Provision for annual leave | (150,848) | (135,563) | (135,563) |
| Provision for long service leave | (110,645) | (104,342) | (104,342) |
| Unadjusted net current assets | <u>559,714</u> | <u>405,324</u> | <u>405,324</u> |
| Adjustments | | | |
| Less: Reserves - restricted cash | (308,617) | (271,965) | (271,965) |
| Less: Land held for resale - cost | | | |
| Development costs | (40,394) | (40,394) | (40,394) |
| Add: Secured by floating charge | 181,410 | 172,463 | 172,463 |
| Add: Provision for Annual Leave | 150,848 | 135,563 | 135,563 |
| Add: Provision for Long Service Leave | 110,645 | 104,342 | 104,342 |
| Adjusted net current assets - surplus/(deficit) | <u><u>653,606</u></u> | <u><u>505,333</u></u> | <u><u>505,333</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 MINGENEW
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

24. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

No Specified Area Rates were levied in the 2015/16 financial year.

25. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

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

Rates Discounts

No discounts were provided.

Waivers or Concessions

No waivers or concessions were granted

Incentives

The following incentive prizes were provided to all ratepayers who paid their rates by the due date:

Pagoda Resort & Spa - 1 nights accommodation including breakfast and parking
\$100 cash (donated by Central West Concrete)
2 x \$50 gift vouchers for Leading Edge Computers Dongara

Write Offs

No write offs were processed.

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

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

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------------|-----------------|--|--|-------------------------------------|
| Option One | | | | |
| Single full payment | 31-Aug-15 | | | 11.00% |
| Option Two | | | | |
| First Instalment | 31-Aug-15 | | 5.50% | 11.00% |
| Second Instalment | 02-Nov-15 | 15 | 5.50% | 11.00% |
| Option Three | | | | |
| First Instalment | 31-Aug-15 | | 5.50% | 11.00% |
| Second Instalment | 02-Nov-15 | 15 | 5.50% | 11.00% |
| Third Instalment | 04-Jan-16 | 15 | 5.50% | 11.00% |
| Fourth Instalment | 07-Mar-16 | 15 | 5.50% | 11.00% |

| | Revenue \$ | Budgeted Revenue \$ |
|-----------------------------|-------------------|----------------------------|
| Interest on unpaid rates | 12,366 | 10,000 |
| Interest on instalment plan | 390 | 70 |
| Charges on instalment plan | 2,795 | 2,430 |
| | 15,551 | 12,500 |

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

| 28. FEES & CHARGES | 2016 | 2015 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Governance | 3,977 | 15,168 |
| General purpose funding | 3,431 | 14,440 |
| Law, order, public safety | 5,511 | 2,723 |
| Health | 436 | 3 |
| Education and welfare | 2,537 | 3,187 |
| Housing | 105,567 | 90,459 |
| Community amenities | 74,599 | 65,640 |
| Recreation and culture | 30,788 | 31,338 |
| Transport | 13,670 | 15,282 |
| Economic services | 6,984 | 12,906 |
| Other property and services | 23,445 | 21,440 |
| | <u>270,945</u> | <u>272,586</u> |

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

29. GRANT REVENUE

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

| By Nature or Type: | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Operating grants, subsidies and contributions | | |
| Governance | 0 | 16,361 |
| General purpose funding | 275,946 | 881,276 |
| Law, order, public safety | 29,775 | 31,141 |
| Health | 0 | 23,618 |
| Education and welfare | 2,889 | 31,352 |
| Housing | 0 | 17,754 |
| Community amenities | 85,187 | 0 |
| Recreation and culture | 0 | 44,093 |
| Transport | 68,225 | 237,787 |
| Economic services | 0 | 40,352 |
| Other property and services | 625 | 102,740 |
| | <u>462,647</u> | <u>1,426,474</u> |
| Non-operating grants, subsidies and contributions | | |
| Law, order, public safety | 0 | 388,690 |
| Education and welfare | 3,447 | 64,000 |
| Recreation and culture | 0 | 22,461 |
| Transport | 820,383 | 1,364,608 |
| | <u>823,830</u> | <u>1,839,759</u> |
| | <u>1,286,477</u> | <u>3,266,233</u> |

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

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

| | | |
|--|----|----|
| | 19 | 18 |
|--|----|----|

31. ELECTED MEMBERS REMUNERATION

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

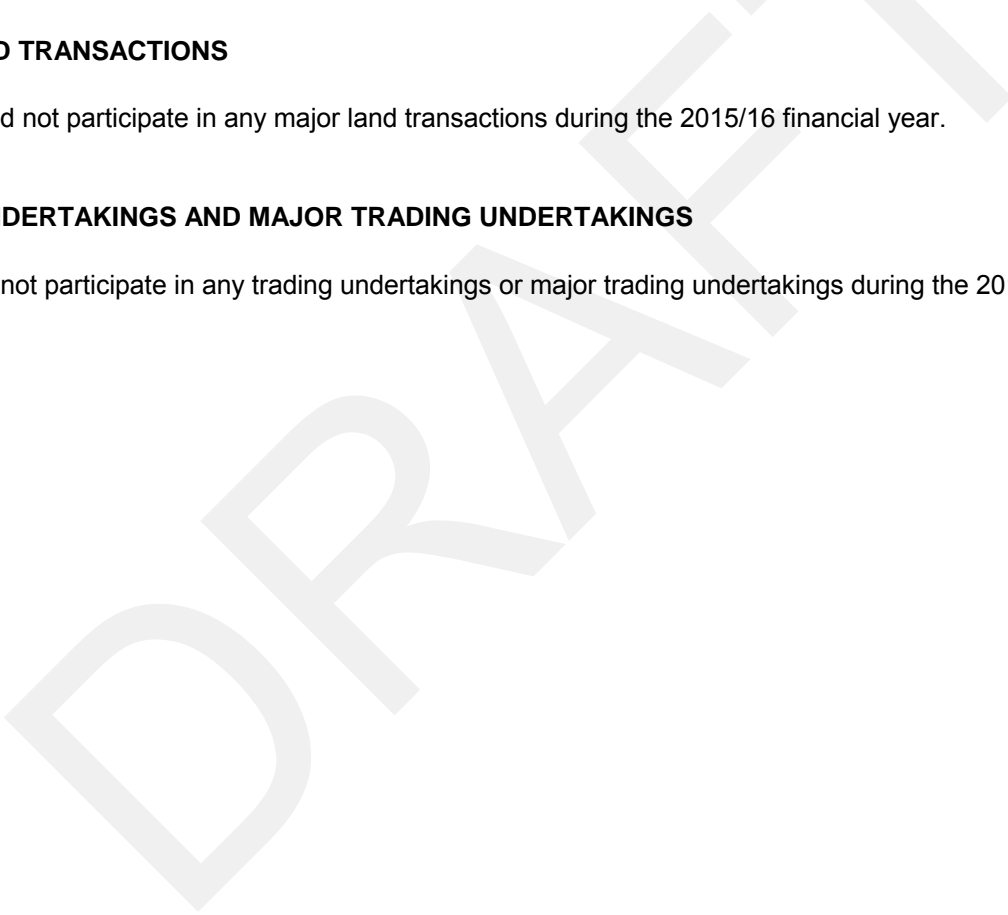
| | 2016 \$ | 2016 Budget \$ | 2015 \$ |
|------------------------------|------------|----------------------|------------|
| Meeting Fees | 26,893 | 27,910 | 27,078 |
| President's allowance | 7,100 | 7,100 | 7,000 |
| Deputy President's allowance | 1,627 | 1,775 | 1,750 |
| Travelling expenses | 0 | 500 | 0 |
| | 35,620 | 37,285 | 35,828 |

32. MAJOR LAND TRANSACTIONS

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

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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



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

34. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including 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 | 1,146,578 | 1,084,154 | 1,146,578 | 1,084,154 |
| Receivables | 46,466 | 88,138 | 46,466 | 88,138 |
| | <u>1,193,044</u> | <u>1,172,292</u> | <u>1,193,044</u> | <u>1,172,292</u> |
| Financial liabilities | | | | |
| Payables | 244,106 | 404,019 | 244,106 | 404,019 |
| Borrowings | 887,179 | 1,059,641 | 887,179 | 1,059,641 |
| | <u>1,131,285</u> | <u>1,463,660</u> | <u>1,131,285</u> | <u>1,463,660</u> |

Fair value is determined as follows: □

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

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash 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 | 11,466 | 6,776 |
| - Statement of Comprehensive Income | 11,466 | 6,776 |

Notes:

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

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

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

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

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

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

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

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

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

| | 2016 | 2015 |
|--|-------------|-------------|
| Percentage of rates and annual charges | | |
| - Current | 0% | 0% |
| - Overdue | 100% | 100% |
| Percentage of other receivables | | |
| - Current | 2% | 93% |
| - Overdue | 98% | 7% |

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
|--------------------|---|---|---|--|-----------------------------------|
| <u>2016</u> | | | | | |
| Payables | 244,106 | 0 | 0 | 244,106 | 244,106 |
| <u>Borrowings</u> | | | | | |
| Loan 133 | 16,174 | 64,696 | 8,087 | 88,957 | 73,135 |
| Loan 134 | 8,800 | 35,200 | 22,000 | 66,000 | 52,130 |
| Loan 136 | 15,233 | 60,930 | 91,395 | 167,558 | 118,462 |
| Loan 137 | 10,909 | 43,637 | 87,274 | 141,820 | 96,719 |
| Loan 138 | 10,473 | 41,891 | 83,783 | 136,147 | 92,851 |
| Loan 139 | 17,314 | 25,971 | 0 | 43,285 | 39,168 |
| Loan 141 | 30,558 | 91,675 | 0 | 122,233 | 106,509 |
| Loan 142 | 12,835 | 51,342 | 12,835 | 77,012 | 65,812 |
| Loan 143 | 56,717 | 0 | 0 | 56,717 | 54,770 |
| Loan 144 | 12,835 | 51,342 | 12,835 | 77,012 | 65,812 |
| Loan 145 | 37,169 | 92,922 | 0 | 130,091 | 121,811 |
| | <u>473,123</u> | <u>559,606</u> | <u>318,209</u> | <u>1,350,938</u> | <u>1,131,285</u> |

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

34 FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ |
|-------------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| <u>2015</u> | | | | | |
| Payables | 404,019 | 0 | 0 | 404,019 | 404,019 |
| <u>Borrowings</u> | | | | | |
| Loan 133 | 16,174 | 64,696 | 24,261 | 105,131 | 83,767 |
| Loan 134 | 8,800 | 35,200 | 30,800 | 74,800 | 57,444 |
| Loan 136 | 15,233 | 60,930 | 106,628 | 182,791 | 123,520 |
| Loan 137 | 10,909 | 43,637 | 98,183 | 152,729 | 101,513 |
| Loan 138 | 10,473 | 41,891 | 94,256 | 146,620 | 99,652 |
| Loan 139 | 17,314 | 43,286 | 0 | 60,600 | 53,149 |
| Loan 141 | 30,558 | 122,234 | 0 | 152,792 | 129,354 |
| Loan 142 | 12,835 | 51,342 | 25,671 | 89,848 | 75,003 |
| Loan 143 | 56,717 | 226,868 | 0 | 283,585 | 107,045 |
| Loan 144 | 12,835 | 51,342 | 25,671 | 89,848 | 75,003 |
| Loan 145 | 37,169 | 130,091 | 0 | 167,260 | 154,192 |
| | <u>633,036</u> | <u>871,517</u> | <u>405,470</u> | <u>1,910,023</u> | <u>1,463,661</u> |

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

| | <u><1 year</u> | <u>>1<2 years</u> | <u>>2<3 years</u> | <u>>3<4 years</u> | <u>>4<5 years</u> | <u>>5 years</u> | <u>Total</u> | <u>Weighted Average Effective Interest Rate</u> |
|---|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|------------------|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Year ended 30 June 2016 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debtentures | | | | | | | | |
| Loan 133 | 11,370 | 12,160 | 13,004 | 13,908 | 14,874 | 7,819 | 73,135 | |
| Loan 134 | 5,649 | 6,005 | 6,384 | 6,786 | 7,214 | 20,092 | 52,130 | |
| Loan 136 | 7,727 | 8,225 | 8,755 | 9,320 | 9,922 | 74,513 | 118,462 | |
| Loan 137 | 5,086 | 5,397 | 5,726 | 6,076 | 6,448 | 67,986 | 96,719 | |
| Loan 138 | 4,882 | 5,181 | 5,497 | 5,833 | 6,190 | 65,268 | 92,851 | |
| Loan 139 | 14,913 | 15,907 | 8,348 | 0 | 0 | 0 | 39,168 | |
| Loan 141 | 24,266 | 25,777 | 27,381 | 29,085 | 0 | 0 | 106,509 | |
| Loan 142 | 9,658 | 10,148 | 10,662 | 11,203 | 11,771 | 12,370 | 65,812 | |
| Loan 143 | 54,770 | 0 | 0 | 0 | 0 | 0 | 54,770 | |
| Loan 144 | 9,658 | 10,148 | 10,662 | 11,203 | 11,771 | 12,370 | 65,812 | |
| Loan 145 | 33,429 | 34,511 | 35,627 | 18,244 | 0 | 0 | 121,811 | |
| | <u>(181,408)</u> | <u>(133,459)</u> | <u>(132,046)</u> | <u>(111,658)</u> | <u>(68,190)</u> | <u>(260,418)</u> | <u>(887,179)</u> | 5.76% |
| Weighted average Effective interest rate | 5.64% | 5.73% | 5.73% | 5.64% | 5.92% | 5.92% | | |

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

34 FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

| | <u><1 year</u> | <u>>1<2 years</u> | <u>>2<3 years</u> | <u>>3<4 years</u> | <u>>4<5 years</u> | <u>>5 years</u> | <u>Total</u> | <u>Weighted</u> |
|--------------------------------|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|--------------------|-----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | Average |
| | | | | | | | | Effective |
| | | | | | | | | Interest Rate |
| | | | | | | | | % |
| Year ended 30 June 2015 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Debentures | | | | | | | | |
| Loan 133 | 10,631 | 11,370 | 12,159 | 13,004 | 13,908 | 22,695 | 83,767 | |
| Loan 134 | 5,314 | 5,649 | 6,005 | 6,384 | 6,787 | 27,305 | 57,444 | |
| Loan 136 | 7,258 | 7,726 | 8,225 | 8,755 | 9,320 | 84,436 | 125,720 | |
| Loan 137 | 4,793 | 5,086 | 5,397 | 5,726 | 6,076 | 74,434 | 101,512 | |
| Loan 138 | 4,601 | 4,882 | 5,181 | 5,497 | 5,833 | 71,458 | 97,452 | |
| Loan 139 | 13,981 | 14,913 | 15,907 | 8,348 | 0 | 0 | 53,149 | |
| Loan 141 | 22,844 | 24,266 | 25,777 | 27,381 | 29,086 | 0 | 129,354 | |
| Loan 142 | 9,191 | 9,658 | 10,148 | 10,662 | 11,203 | 24,141 | 75,003 | |
| Loan 143 | 52,274 | 54,770 | 0 | 0 | 0 | 0 | 107,044 | |
| Loan 144 | 9,191 | 9,658 | 10,148 | 10,662 | 11,203 | 24,141 | 75,003 | |
| Loan 145 | 32,381 | 33,429 | 34,510 | 35,627 | 18,245 | 0 | 154,192 | |
| | <u>(172,459)</u> | <u>(181,407) 0</u> | <u>(133,457) 0</u> | <u>(132,046) 0</u> | <u>(111,661) 0</u> | <u>(328,610)</u> | <u>(1,059,640)</u> | 5.71% |
| Weighted average | | | | | | | | |
| Effective interest rate | 5.64% | 5.64% | 5.73% | 5.73% | 5.64% | 5.92% | | |

DRAFT

DRAFT

**SHIRE OF MINGENEW
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 | 0.52 | 0.51 | 0.76 |
| Asset renewal funding ratio | 0.95 | 0.92 | 0.89 |

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

7. STATUTORY REPORTING

Employees Remuneration

For the purpose of Regulation 19B of the Local Government (Administration) Regulations 1996 the following is required to be contained in Council's Annual Report.

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

| Salary Range | 2016 | 2015 |
|-----------------------|------|------|
| \$140,000 - \$149,999 | 1 | 1 |

National Competition Policy

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy.

Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses. Local government will also be affected where local laws unnecessarily affect competition.

The shire is required to comply with certain policies contained with the National Competition Policy Statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

The Shire of Mingenew is not considered a natural monopoly, nor does it conduct any business activities that can be considered a public monopoly. Therefore the principle of Structural Reform of Public Monopolies does not apply to the Shire of Mingenew.

Competitive Neutrality

These principles have been designed to ensure that a Local Authority has no unfair advantage over any competitor in the market place.

The principles also only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Mingenew has none, and therefore do not apply the Shire of Mingenew.

Legislative Review

All Local Governments are required to assess which of their Local Laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

The Annual Report is to include a statement of which Local Laws have been reviewed, the conclusions of those reviews, and a forward strategy for all Local Laws still to be reviewed. No new Local Laws were created during 2015/16 nor any existing Local Laws reviewed.

Freedom of Information

The Shire of Mingenew has a requirement to comply with the Freedom of Information Act. A Freedom of Information Statement for 2013 was adopted by Council at their meeting held in October 2013. This was amended in December 2014. A further amendment was made in December 2015 and endorsed at the Council Meeting held in December 2015. The Information Statement is published by Council in accordance with the requirements of Section 96 of the Freedom of Information Act 1992 (Western Australia). The Council is pleased to comply with the legislation and welcomes enquiries. A copy of this statement is available from the Shire's Administration Office.

During the 2015/16 financial year no applications were received for information under the terms of this legislation.

Record Keeping Plan

The State Records Act 2000 requires all government organisations to include in their Annual Report, a statement on that organisation's compliance with its recordkeeping plan.

Principle 6 of the State Records Commission SRC Standard 2 – Recordkeeping Plans Act requires Council to comment on the following five compliance requirements:

1. The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated not less than once every 5 years.
2. The organisation conducts a recordkeeping training program.
3. The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.
5. The organisation includes within its Annual Report an appropriate section that addresses Points 1 – 4.

Comments:

The Shire of Mingenew undertook a comprehensive evaluation of its Record Keeping Plan. This resulted in the preparation of an amended Record Keeping Plan which was submitted to the State Records Office in April 2015. During 2015/16 a Disaster Recovery Plan for records was prepared.

Further recordkeeping training sessions have been undertaken in 2015/16 to improve staff awareness of their responsibilities in regards to recordkeeping.

The efficiency and effectiveness of the record keeping training programme was reviewed and continues to be reviewed.

Roles and responsibilities regarding recordkeeping are outlined in position descriptions and inductions.

Public Interest Disclosures

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

There were no Public Interest Disclosures reported to the Shire of Mingenew during the reporting period.

Disability Access and Inclusion Plan

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

Council adopted a DAIP in July 2013. This was reviewed in August 2014 and amended in May 2016 to include Outcome 7.

- 1 Council is continually adapting our existing services to give people with disability the same opportunities as other people to access the services of, and any events organised by the Shire.
- 2 Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access.
- 3 Wherever possible people with disability can receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it. This includes a comprehensive website and the ability to change documents to large font size.
- 4 The Staff are always encouraged to be aware of the needs of people with disability to ensure they receive the same level and quality of service as other people receive. We are also working with our contractors to ensure they are aware of their responsibilities.
- 5 People with disability have the same opportunities as other people to make complaints to the staff. This can be via written letters, email, SMS or verbally.
- 6 Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.
- 7 People with disability have the same opportunity as other people to obtain and maintain employment with a public authority.

A review was conducted to ascertain the progress on the implementation of the Plan. The DAIP is now a document for ongoing assessment and implementation of the activities that have been listed.

Register of Complaints

The Shire of Mingenew did not receive any complaints in the 2015/16 financial year and therefore has no entries in the Register of Complaints, as required under section 5.121 of the Local Government Act 1995.

Local Laws

The Local Government Act 1995 requires all existing Local Laws to be reviewed every eight years. A review is due and is intended to be carried out during the 2016/17 year.

9.2.4 ANNUAL ELECTORS MEETING

Location/Address: Shire of Mingenew
Name of Applicant: Shire of Mingenew
Disclosure of Interest: Nil
Date: 12th December 2016
Author: Nita Jane – Deputy CEO
Senior Officer: Martin Whitely, Chief Executive Officer

SUMMARY

This report recommends that Council set a date to hold the Annual General Meeting of Electors.

ATTACHMENT

Nil

BACKGROUND

The Annual Report has been prepared and is circulated with this Agenda (attachment to Item 9.2.3). Council is required to conduct its Annual General Meeting of Electors within 56 days of the adoption of the Annual Report.

COMMENT

Council's Ordinary Meeting in February 2017 has been scheduled for Wednesday 15th at 4.30pm. It is expected that there will be sufficient time to finish the meeting in time to conduct the Annual General Meeting of Electors at 6.00pm. This is exactly 56 days from this meeting which has adopted the Annual Report. The Annual Report must be adopted by Council by 31 December following the end of the financial year.

CONSULTATION

CEO

STATUTORY ENVIRONMENT

Local Government Act 1995, sections 5.27 – Electors General Meeting

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

There are no financial or budget implications.

STRATEGIC IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION – ITEM 9.2.4

That Council hold the Annual General Meeting of Electors on Wednesday 15th February 2017 at 6.00pm in the Council Chambers and the required Public Notice be given of this meeting.

9.3 ADMINISTRATION

9.3.1 COUNCIL MEETING DATES FOR 2017

Location/Address: Shire of Mingenew
Name of Applicant: Shire of Mingenew
File Reference: ADM0
Disclosure of Interest: Nil
Date: 7 December 2016
Author: Nita Jane, Deputy CEO
Senior Officer: Martin Whitely, CEO

Summary

Council is requested to formally agree to the Council meeting dates for 2017 as outlined below.

Attachment

Nil

Background

Council has an obligation under the Local Government Act 1995 and associated regulations to advertise at least once a year the proposed meeting dates, times and place for the coming year.

There is the ability to change the date and/or time of a meeting if required and also the ability to call a Special Council meeting if required. These changes are to be advertised if time permits.

The Shire of Mingenew has traditionally met on the third Wednesday of the month. The ordinary council meetings have commenced at 4.30pm in the Council Chambers, Victoria Street, Mingenew.

Council does not usually hold a meeting in January but has the option of calling a meeting if required.

Comment

The meeting dates proposed for 2017 are as follows:

| | |
|-------------------|------------|
| January 2017 | No meeting |
| 15 February 2017 | |
| 15 March 2017 | |
| 19 April 2017 | |
| 17 May 2017 | |
| 21 June 2017 | |
| 19 July 2017 | |
| 23 August 2017 | |
| 20 September 2017 | |
| 18 October 2017 | |
| 15 November 2017 | |
| 20 December 2017 | |

The Easter public holidays for 2017 are Friday 14 April and Monday 17 April 2017.

Mingenew Expo is scheduled for 16th & 17th August, therefore the August meeting date is one week later.

Consultation

Martin Whitely - CEO

Statutory Environment

Local Government Act 1996, Section 5.25(1)g

Local Government (Administration) Regulations 1996, Sections 12(1)

Policy Implications

Nil

Financial Implications

Advertising costs are included in the annual operational budget

Strategic Implications

Nil

Voting Requirements

Simple Majority

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.3.1 |
|--|

That Council set the 2017 Council meeting dates as:

| | |
|--------------------------|-------------------|
| January 2017 | No meeting |
| 15 February 2017 | |
| 15 March 2017 | |
| 19 April 2017 | |
| 17 May 2017 | |
| 21 June 2017 | |
| 19 July 2017 | |
| 23 August 2017 | |
| 20 September 2017 | |
| 18 October 2017 | |
| 15 November 2017 | |
| 20 December 2017 | |

To be held at 4.30pm in Council Chambers, Victoria Street, Mingenew; and

That local public notice of these Meeting Dates be given.

9.3.2 FREEDOM OF INFORMATION ACT 1992 – INFORMATION STATEMENT

| | |
|--------------------------------|---|
| Location/Address: | Shire of Mingenew |
| Name of Applicant: | Shire of Mingenew |
| Disclosure of Interest: | Nil |
| File Reference: | ADM0303 |
| Date: | 25 November 2016 |
| Author: | Nita Jane, Deputy CEO |
| Senior Officer: | Martin Whitely, Chief Executive Officer |

SUMMARY

This report includes a copy of the revised Shire of Mingenew Information Statement (IS) and recommends that Council review and endorse the Information Statement as amended.

ATTACHMENT

Revised Shire of Mingenew Information Statement

BACKGROUND

Part 5 of the *Freedom of Information Act 1992 (WA)* (**the FOI Act**) requires each agency to prepare and publish an information statement within 12 months after the commencement of the FOI Act, and to update the statement at intervals of not more than 12 months (sections 96 and 97 of the FOI Act). Further, the Act requires that all Local Governments have an information statement made available for inspection and/or purchase by members of the public.

COMMENT

Information Statements are an important part of FOI legislation. They assist members of the public to exercise their rights under the FOI Act, by describing the information and records available, together with a summary of the responsibilities and functions carried out by each agency.

The Information Statement can be published electronically on Council's website, as a stand-alone hard copy or incorporated into Council's Annual Report or a combination of all the options. A copy of the Information Statement must also be provided to the Information Commissioner when first produced and when any amendments are made.

CONSULTATION

Alison McCubbin, Senior Advisory Officer, Office of the Information Commissioner

STATUTORY ENVIRONMENT

Freedom of Information Act, 1992

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

There are costs associated with producing copies of the Information Statement, however the FOI Act allows Council to charge members of the public for a copy of the Information Statement and other documents that may be requested.

STRATEGIC IMPLICATIONS

The Shire of Mingenew Community Strategic Plan supports the notion of open and accountable government.

VOTING REQUIREMENTS

Simple Majority.

| |
|--|
| OFFICER RECOMMENDATION – ITEM 9.3.1 |
|--|

That Council

1. Review and endorse the amended Freedom of Information – Information Statement, and
2. Provide a copy of the amended Information Statement to the Information Commissioner.

FREEDOM OF INFORMATION STATEMENT



**FREEDOM OF INFORMATION
2016**

This Information Statement is published by the Council in accordance with the requirements of Section 96 of the Freedom of Information Act 1992 (Western Australia).

The Council is pleased to comply with the legislation and welcomes enquiries.

An updated Information Statement will be published at least every 12 months.

Table of Contents

| | |
|--|----|
| 1. MISSION STATEMENT | 3 |
| 2. DETAILS OF LEGISLATION ADMINISTERED..... | 3 |
| 3. COUNCIL STRUCTURE | 4 |
| 4. DETAIL OF DECISION MAKING PROCESS..... | 4 |
| 4.1 Minutes | 4 |
| 5. MINGENEW SHIRE COUNCILLORS..... | 4 |
| 6. DELEGATIONS..... | 6 |
| 7. SERVICES FOR THE COMMUNITY | 6 |
| 8. PUBLIC PARTICIPATION..... | 7 |
| 8.1 Council Meetings..... | 7 |
| 8.2 Community Consultation | 7 |
| 9. ACCESS TO DOCUMENTS | 8 |
| 9.1 Documents Available for Inspection..... | 8 |
| 10. OTHER INFORMATION REQUESTS | 8 |
| 10.1 FOI Operations:..... | 8 |
| 10.2 Freedom of Information Applications:..... | 8 |
| 10.3 Freedom of Information Charges..... | 9 |
| 11. ACCESS ARRANGEMENTS..... | 10 |
| 12. NOTICE OF DECISION | 10 |
| ATTACHMENTS | 10 |
| APPLICATION FOR ACCESS TO DOCUMENTS..... | 11 |
| ORGANISATIONAL STRUCTURE 2015/2016 | 13 |

1. MISSION STATEMENT

The Shire of Mingenew of Mingenew operates in a relatively stable environment in which the expectations and requirements of the community and government, as well as environmental and economic facts impact on its activities and overall performance. Council is committed to improve the quality of life of the residents of Mingenew through services based on the principles of quality, equity, value and responsiveness and to ensure operations of the Shire are conducted in a cost efficient and effective manner as not to unfairly impose upon its ratepayers and residents.

Its objectives are to:

- Provide high quality roads and other services to residents in the community at reasonable cost;
- Strengthen the financial viability of Council by improving efficiency and effectiveness; and
- By recognising the need to be responsible to the electorate in providing information on the activities of the Shire and to involve electors in everyday decision making, to increase the awareness of the Shire's objectives and policies for all those who live and work in the Shire, and to help the community understand the need to reconcile often conflicting factors in planning and providing services.

By these means, the community confidence in the Shire as an efficient provider of services and an effective manager of its resources will be gained.

2. DETAILS OF LEGISLATION ADMINISTERED

Including, but not limited to:

- Local Government Act 1995
- Freedom of Information Act 1992
- Dog Act 1976
- Cat Act 2011
- Planning and Development Act 2005
- Bush Fires Act 1954
- Caravan Parks and Camping Grounds Act 1995
- Disability Services Act 1993
- Food Act 2008
- Health Act 1911
- And all other legislation relevant to Local Government functions

3. COUNCIL STRUCTURE

The Shire of Mingenew consists of seven (7) Councillors including the Shire President. Councillors are elected for a four year term with four members retiring in one election and the balance (three) retiring at the next. An election is held in October of every second year. The President of the Council is elected by the Councillors at the first meeting following the ordinary election.

Extraordinary elections are held to fill any vacancies which may have occurred during the year.

Council is the decision making body of all policy matters.

The CEO reports to Council and the present Shire organisational structure is shown in Figure 1 (attached).

4. DETAIL OF DECISION MAKING PROCESS

Ordinary meetings of Full Council are generally held on the third Wednesday of every month (except the month of January when Council is in recess), and commence at 4.30pm. Members of the public are welcome to attend and Public Question Time is the first item of business.

The main business of the meeting is to consider reports and make resolutions.

Correspondence and applications on any matters to be considered by Council must be received at the Council office at least one week prior to the week of the Council meeting if they are to be guaranteed of being dealt with at this meeting.

4.1 Minutes

Unconfirmed Minutes of Full Council are available at the Shire office and on its website within:

- 10 days after the Ordinary Council Meeting

Minutes will be confirmed at the next month's meeting. No Council decisions are final until the Minutes have been confirmed.

5. MINGENEW SHIRE COUNCILLORS

| | |
|---|---------------------------|
| Councillor MA (Michelle) Bagley (President) | Term expires October 2019 |
| Councillor HM (Helen) Newton (Deputy President) | Term expires October 2019 |
| Councillor MP (Marguerite) Pearce | Term expires October 2017 |
| Councillor GJ (Gary) Cosgrove | Term expires October 2019 |
| Councillor C (Crispian) Lucken | Term expires October 2017 |
| Councillor LM (Leah) Eardley | Term expires October 2019 |
| Councillor KL (Karl) Criddle | Term expires October 2017 |

COUNCIL REPRESENTATIVES FOR COMMITTEES 2016/2017

| COMMITTEE | DELEGATE | DELEGATE | PROXY | PROXY |
|--|-----------------------|-----------------|-------------------------|-----------------|
| Northern Country Zone of WALGA | MA Bagley | HM Newton | MP Pearce | |
| Tourist & Promotions Committee | MP Pearce | CDO | LM Eardley | |
| MRWA Regional Road Group | GJ Cosgrove | | MA Bagley | |
| Silver Chain Branch Committee | MP Pearce | | HM Newton | |
| CRC Management Committee | KL Criddle | | HM Newton | |
| LEMCA Committee | GJ Cosgrove | | CEO | |
| Audit Committee | ALL OF COUNCIL | | | |
| Executive Management Committee | MA Bagley | HM Newton | Delegate GJ Cosgrove | |
| Development Assessment Panels | MA Bagley | GJ Cosgrove | | |
| Wildflower Country Inc | MP Pearce | | MA Bagley | CEO |
| Independent Living Unit Working Group | MA Bagley | HM Newton | Delegate GJ Cosgrove | Delegate CEO |

6. DELEGATIONS

The CEO has the delegated authority from Council to make decisions on a number of specified administrative and policy matters. These delegations are listed in Council's Delegation Register and are reviewed by Council annually. The CEO has the power under the Local Government Act 1995 to sub-delegate a number of these Authorities.

In keeping with the legislative requirements:

- To determine policies to be applied by the Council in exercising its discretionary powers
- To determine the type, range and scope of projects to be undertaken by the Council
- To develop comprehensive management plans, budgets, financial controls and performance objectives and indicators for the operations of the Council

The Council makes decisions which direct and/or determine its activities and functions. Such decisions include the approval of works and services to be undertaken, and the allocation of resources to works and services.

Decisions are also made to determine whether or not approvals are to be granted for applications from residents for various forms of development.

7. SERVICES FOR THE COMMUNITY

Full Council makes decision on policy issues relating to services that are provided for members of the public.

These services currently include:

| | |
|-------------------------------------|------------------------------------|
| Roads/Footpaths/Kerbing | Stormwater Drainage |
| Traffic Control Devices | Street Lighting |
| Street Tree Planting | Refuse Collection & Tip Control |
| Public Toilets | Public Library |
| Parks and Reserves | Museum and Heritage Buildings |
| Animal Control | Drum Muster |
| Environmental Health Matters | Pest Control |
| Town Planning | Occupational Health and Safety |
| Community Information | Noxious Weed Controls |
| Building Control | Citizenship Ceremonies |
| Landcare | Support Volunteer Fire Brigades |
| Emergency Planning | Support dental and doctor services |
| Support day care for children | Police Licensing |
| Autumn Centre for Seniors | Youth and seniors projects |
| Housing – staff, seniors, community | Cemetery |
| Recreation Facilities | |

8. PUBLIC PARTICIPATION

8.1 Council Meetings

Members of the public have a number of opportunities to put forward their views on particular issues before Council.

These are:

1. Deputations – With the permission of the Presiding Officer or the President, a member of the public can address a Committee or Council personally or on behalf of a group of residents for a period of time determined by the Committee and/or Council on any issue relevant to Council.
2. Presentation to Council - With prior notification, approval and arrangement with Council, a member of the public can address Council on any issue relevant to Council.
3. Petitions – Written petitions can be addressed to the Council on any issue within the Council's jurisdiction.
4. Written Requests – A member of the public can write to the Council on any Council policy, activity or service.
5. Elected Members – Member of the Public can contact their Elected Members of Council, to discuss any issue relevant to Council.

8.2 Community Consultation

The Council consults with local residents on particular issues that affect their neighbourhood as per the following examples:

1. Electors are invited to attend the annual general meeting of electors to discuss any specific issues over a large range of topics. All residents may attend, but only electors on the Council Electoral Roll are eligible to vote.
2. Working Party/Sub-Committee – Local residents are invited to work with Members of Council and staff, to develop strategies to address various matters as they may arise.

9. ACCESS TO DOCUMENTS

9.1 Documents Available for Inspection

The following documents are available for public inspection at the Council Office free of charge. Members of the public may purchase copies of these documents and the charges are shown below:

| Document | Fee |
|--|--|
| Council Agenda | \$7.50 per month \$55.00 per year |
| Council Minutes | \$7.50 per month \$55.00 per year |
| Policy Manual |) |
| Annual Budget |) |
| Annual Financial Statements |) |
| Council Local Laws |) At the set photocopying rate + binding |
| Planning/Building Application Register |) if required. |
| Annual Report |) |
| Strategic Community Plan |) |
| Corporate Business Plan |) |
| Delegation Register |) |
| Directional Maps |) |
| Building Plans |) |
| Council Town Planning Scheme No. 2 | |
| Scheme Text | \$15 per Ward \$25.00 District Roll |
| Electoral rolls | |
| Freedom of Information Statement | |

10. OTHER INFORMATION REQUESTS

10.1 FOI Operations:

It is the aim of the agency to make information available promptly and at the least possible cost, and whenever possible documents will be provided outside the FOI process.

If information is not routinely available, *the Freedom of Information Act 1992* provides members of the public with the right to apply for documents held by the agency and to enable the public to ensure that personal information in the document is accurate, complete, up to date and not misleading.

10.2 Freedom of Information Applications:

Access applications have to-

- be in writing,
- give enough information so that the documentation requested can be identified;
- give an Australian address to which notices can be sent; and
- be lodged at the agency with any application fee payable.

Shire of Mingenew Freedom of Information Statement

Applications and enquiries should be addressed to the Freedom of Information Coordinator:-

Postal Address:

Shire of Mingenew
PO Box 120
MINGENEW WA 6522

In Person:

Mingenew Shire Office
Victoria Street
MINGENEW WA 6522

The application will be acknowledged in writing and the applicant will be notified of the decision within 45 (calendar) days.

10.3 Freedom of Information Charges

A scale of fees and charges are set under the FOI Act Regulations. Apart from the application fee for non-personal information all charges are discretionary. The charges are as follows:-

1. Type of Fee

| | |
|--|---------|
| Personal information about the applicant | No fee |
| Application fee (for non-personal information) | \$30.00 |

2. Type of Charge

| | |
|--|-------------|
| • Charge for time dealing with application (per hour, or pro rata) | \$30.00 |
| • Access time supervised by staff (per hour, or pro rata) | \$30.00 |
| • Photocopying staff time (per hour, or pro rata) | \$30.00 |
| • Per photocopy | .20c |
| • Transcribing from tape, film or computer (per hour, or pro rata) | \$30.00 |
| • Duplicating a tape, film or computer information | Actual Cost |
| • Delivery, packaging and postage | Actual Cost |

Deposits

| | |
|---|-----|
| • Advance deposit may be required | 25% |
| • Further advance deposit may be required to meet the charge for dealing with the application | 75% |

For financially disadvantaged applicants or those issued with prescribed pensioner concession cards, the charge is reduced by 25%.

11. ACCESS ARRANGEMENTS

Access to documents can be granted by way of inspection of a document, a copy of a computer disk or USB drive.

12. NOTICE OF DECISION

As soon as possible, but in any case within 45 days, the applicant will be provided with a notice of decision which will include details such as –

- the date the decision was made;
- the name and designation of the officer who made the decision;
- if the document is an exempt document, the reasons for classifying the matter exempt or the fact that access is given to an edited document;
- information on the right to review and the procedures to be followed to exercise those rights.

Refusal of Access

Applicants who are dissatisfied with a decision of the agency are entitled to ask for an internal review by the agency. Applications should be made in writing within 30 days of receiving the notice of decision.

Applicants will be notified of the outcome of the review within 15 days.

If the applicant disagrees with the result the applicant can apply to the information Commissioner for an external review, and details would be advised to applicants when the internal review is issued.

Martin Whitely
Chief Executive Officer

21 December 2016

THIS INFORMATION STATEMENT ENDORSED BY COUNCIL ON:

ATTACHMENTS

- Application for Access to Documents
- Figure 1 – Corporate Structure

SHIRE OF MINGENEW
APPLICATION FOR ACCESS TO DOCUMENTS
(Under the Freedom of Information Act 1992, Section 12)

DETAILS OF APPLICANT:

Surname: Given Names

Australian Postal Address:

Post Code: Telephone Number(s):

If the application is on behalf of an organisation:

Name of Organisation/Business:

DETAILS OF REQUEST: (please tick) Personal Documents Non-Personal Documents

I am applying for access to document(s) concerning

(If space provided is not sufficient, please attach details on a separate sheet).

FORM OF ACCESS: (Please tick appropriate box)

I wish to inspect the document(s) YES NO

I require a copy of the document(s) YES NO

I require access in another form YES NO

(Specify)

FEES AND CHARGES:

Attached is a cheque/cash to the amount of \$..... to cover the application fee. I understand that before I obtain access to documents, I may be required to pay processing charges in respect of this application, and that I will be supplied with a statement of charges if appropriate.

In certain cases, a reduction in fees and charges may apply – see section on FEES AND CHARGES on the back of this form. If you consider you are entitled to a reduction, submit a request with copies of documents which address the criteria on the back of this form and support your application for a fee reduction.

I am requesting a reduction in fees and charges: YES NO (Please tick appropriate box)

APPLICANTS SIGNATURE: Date:

(OFFICE USE ONLY)

FOI Reference Number:

Received on:/...../..... Deadline for response:/...../.....

Acknowledgment sent on:/...../.....

Proof of Identity (If applicable)

Type: Sighted: Number:

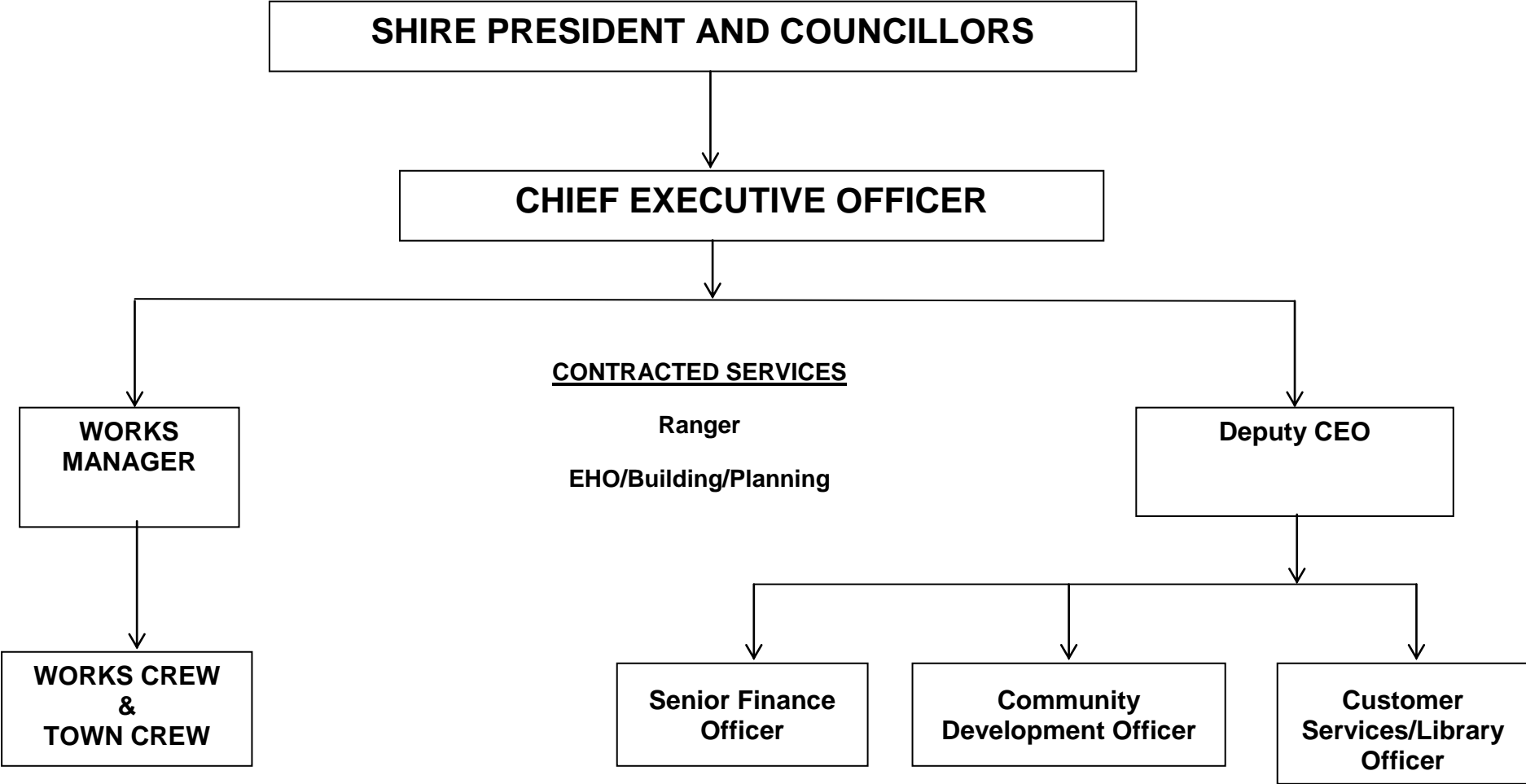
PLEASE NOTE

FREEDOM OF INFORMATION APPLICATION

- Provide sufficient information to enable the correct document(s) to be identified.
- The Shire of Mingenew may request proof of your identity.
- If you are seeking access to document(s) on behalf of another person, written authorisation is required.
- Your application will be dealt with as soon as practicable (and, in any case, within 45 days) after it is received.
- Further information can be obtained from the Office of the Information Commission. The Freedom of Information Act is available for purchase from the State Government Bookshop, 815 Hay Street, Perth (Telephone: 9222 8216).

SHIRE OF MINGENEW

ORGANISATIONAL STRUCTURE 2014/2015



9.4 TOWN PLANNING

Nil

10.0 ELECTED MEMBERS/MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11.0 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING

11.1 ELECTED MEMBERS

11.2 STAFF

12.0 CONFIDENTIAL ITEMS

12.1 RANGER & EMERGENCY SERVICES

This matter will be dealt with as a confidential item in accordance with Section 5.23 of the Local Government Act as it contains information about a matter affecting an employee and/or a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting.

13.0 TIME AND DATE OF NEXT MEETING

Next Ordinary Council Meeting to be held on Wednesday 15 February 2017 commencing at 4.30pm.

14.0 CLOSURE