



Shire of Pingelly

Attachments

Ordinary Council Meeting
13 December 2017

Attachment 1

14.1 Recreation and Cultural Committee Minutes

Recreation and Cultural Committee Minutes

Recreation and Cultural Committee

Minutes 21 November 2017



21 November 2017 4.30pm

Shire Chambers

Peter Kenyon(PK)
Bank of Ideas

Attendees: Bill Mulroney (SP)
David Freebairn (DP)
Gavin Pollock (CEO)
Kristel Steel (CDO)
Anne Goldsmith (AG),
Bruce Sewell (BS),
Rheannon Turton (RT),
Alex Hodges (AH),
Kerry Keys (KK),
Peter Wood (PW)
Michelle Walton-Hassell (MW)
Recreation and Culture Committee

Apologies: *Evan Hodges(EH), Lee Steel(LS)*

1. Meeting Opened

SP declared the meeting open at 4.31pm

2. Welcome and apologies

SP welcomed the new committee members to the Recreation and Cultural Committee and gave apologies for Evan Hodges and Lee Steel who were unable to attend the meeting. SP emphasised the importance of the work ahead for the Committee with relation to the development of a sustainable management plan for the PRACC and how fundamental it will be for today and the future to come.

3. Election of Committee Chairperson

SP called for nominations for the position of Chairperson for the Recreation and Cultural Committee.

Bruce Sewell was elected as the Recreation and Cultural Committee Chairperson and accepted the nomination.

Moved: Kerry Keys

Seconded: Anne Goldsmith

SP requested that it be noted that Bruce Sewell's nomination to be Chairperson for the Recreation and Cultural Committee was accepted and duly endorsed by the Committee members.

4. Feedback from Structured Questionnaire Conversations

Peter Kenyon, *Bank of Ideas* went through the information he collected from his Structured Questionnaire Conversations with Pingelly Sporting Clubs and Community Groups on Thursday 2 November 2017. He focused attention on how committed everyone he consulted with was to seeing the PRACC be successful and that they could see the possibilities and opportunities for the community that will be made through the PRACC.

Recreation and Cultural Committee

Minutes 21 November 2017



Discussion and comments took place regarding the information provided by PK from the Structured Questionnaire Conversations. Majority of discussion centered on the Membership structure and fees, it was decided that this was something the Committee would need to explore and make decisions on early in the process.

5. New Business

PK went through the Draft Constitution with the Committee members. PK put to the group that they read through the constitution and make any changes ONLY to the content and principal of the constitution but to leave the language as is as this has been formatted to fit in with requirements. Committee members will bring their changes to the next meeting on Tuesday 28 November 2017.

BS introduced the Goomalling Sport and Community Centre as a possible candidate for a successful management model.

PK suggested to the group that a meeting be held and a Representative from the following Recreation/Community Centres be in attendance for a Q&A session with the Committee in January 2018 date:

- Goomalling Sport and Community Centre
- Gnowangerup Sports & Recreation Complex
- Bruce Rock Recreation Centre
- The Freebairn Recreation Centre – Kulin

BS raised the Liquor License and concerns over the time frame for it to be in effect, and stressed the need for this to be dealt with by the committee asap. PK suggested a meeting with Clubs WA to occur early December 2017 to allow the constitution to be finalised prior to the meeting and to allow this to progress with agility.

PK brought up the need to also ensure a flyer advertising how the PRACC will operate needing to be designed and created to inform the community.

Recreation and Cultural Committee

Minutes 21 November 2017



ACTION ITEMS

Item	Date Started/ Raised	Comment	Action By	Completion Date
Constitution Meeting: Committee to read through the Draft Constitution and make any required changes and bring to the next meeting on	21/11/2017	Reminder to only change the content and principal of the Constitution, do not change the language that has been used as this in alignment with the required protocol for the Constitution.	Committee Members ready for the next meeting on Tuesday 28 November 2017.	28/11/2017
Clubs WA Meeting: To be organised between Clubs WA, Karen Giles and the Committee for the 12 December 2017, late afternoon, Shire Chambers.	21/11/2017		PK to organise Clubs WA. PK to confirm with KS time.	
Meeting to be organised between representatives from the following Recreation/Community Centres for January 2018 at 12pm. Date to be confirmed. - Goomalling Sport & Community Centre - Gnowangerup Sports & Recreation Complex - Bruce Rock Recreation Centre - The Freebairn Recreation Centre - Kulin		Lunch to be provided.	PK To organise and advise KS date of the meeting. KS to book chambers and organise catering.	

Moved: Bruce Sewell Seconded: Anne Goldsmith
Minutes to be presented to the Ordinary Council Meeting, Wednesday 13 November 2017.

Recreation and Cultural Committee

Minutes 21 November 2017



6. Next meeting

Tuesday 28 November 2017 – 4.30pm, *Shire Chambers*

7. Close of Meeting

6.27pm

Recreation and Cultural Committee

Minutes 28 November 2017



28 November 2017 4.30pm Shire Chambers

Attendees: Bill Mulroney (SP)
David Freebairn (DP)
Gavin Pollock (CEO)
Kristel Steel (CDO)
Anne Goldsmith (AG),
Bruce Sewell (BS) *Chairperson*
Evan Hodges (EH)
Rheannon Turton (RT),
Alex Hodges (AH),
Kerry Keys (KK),
Peter Wood (PW)
Michelle Walton-Hassell (MW)
Recreation and Culture Committee

Apologies: Lee Steel(LS), Peter Kenyon(PK)

1. Meeting Opened

4.32pm

2. Welcome and Apologies

Bruce Sewell welcomed the committee to the meeting and made apologies for Lee Steel(LS) and Peter Kenyon(PK) who were unable to attend the meeting.

3. Receive minutes from meeting 21 Novmeber 2017

Moved: Rheannon Turton Seconded: Anne Goldsmith
Carried

4. Changes and Amendments to the Draft Constitution Document

The Committee and delegates went through each of the items contained within the draft constitution. Items requiring assistance with rewording and amendments were highlighted in green on the draft document to be discussed with Linda Soerianto, Administration Manager & EA to Karen Giles, Clubs WA at the next meeting on Tuesday 12 December 2017.

5. New Business

Suggestion that the committee look at constructing a time lime of dates and expected milestones at the start of the new year of 2018, to be delegated to committee members to action.

6. Next meeting

Tuesday 12 December 2017 at 12pm, Shire Chambers

7. Close of Meeting

6.53pm

Attachment 2

14.2 Minutes of Audit Committee and Annual Report 2017 & Annual Electors Meeting

Shire of Pingelly Annual Report 2016/17

SHIRE OF PINGELLY

ANNUAL REPORT

2017 - 18



Australia Day Celebration and Awards 2017



2016 Community Service Award, Rex Hallett



2016 Sportsperson of the Year Award, Tony Kirk

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Shire of Pingelly at a Glance

History of the Shire

The Moorumbine Spring land was first surveyed in 1856 and a permanent settlement established around 1860. The first settler in the area was Mr Lewis John Bayley who was granted 4,000 acres for grazing in 1846. The expanding district joined forces to build a church, school, store and gaol. The Moorumbine Townsite was gazetted on 24th April 1884.



Pingelly Townsite Entrance Statement

The Great Southern Railway in 1889 resulted in an economic boom for the district along the rail line. It passed just 10km west of Moorumbine and a small settlement was established at the railway siding located there. A spring of water east of the railway crossing was named "Pingeculling," an Aboriginal name for 'Watering Place.' From this, the present name of Pingelly was derived.

The Pingelly-Moorumbine Road Board Offices were built in Pingelly in 1909. Just a few years later in 1913 'Moorumbine' was dropped from the title. In 1961, the Pingelly Road Board became the Pingelly Shire Council and new Shire Offices were built on the site on which they still stand today.

Shire Location

Pingelly is strategically located in the heart of the State's Central South 158km south-east of Perth on the Great Southern Highway. The Shire of Pingelly covers an area of 1,294km², bounded by the Shires of Wandering, Brookton, Cuballing and Wickepin. The community appreciates a Mediterranean type climate. The average yearly rainfall is 453mm, which mainly falls in winter.

The Shire of Pingelly's Council Chamber and Administration Centre is located at 17 Queen Street, Pingelly 6308. The website address is: www.pingelly.wa.gov.au.

Roads and Area of the Shire

The Shire of Pingelly has an area of 1,223km² and is responsible for 587km of roads, of which 203km are sealed.

Population

The Shire of Pingelly, with the townsites of Pingelly, Moorumbine and Dattening, has a total population of 1,146 (2016 Census). The Shire of Pingelly has 840 electors (2017 Roll), 512 dwellings and employs 32 people.



Legislative Authority

The State of Western Australia is divided into districts by the Governor, on recommendation of the Minister. When an area of the State becomes a district, a local government is established for the district.

The local government of the Shire of Pingelly is a body corporate with perpetual succession and a common seal. The Shire of Pingelly has the legal capacity of a natural person and has an elected Council as its governing body representing all electors within the Shire (there are no Wards).

Federal & State Electoral Boundaries

The Shire of Pingelly is in the State electoral district of Wagin in the Agricultural Region and in the Federal electorate of O'Connor.



Numbat – Iconic Marsupial of the Region

Shire of Pingelly

Vision

Pingelly, a sustainable community, where natural beauty and economic diversity provide opportunities for all.

Mission

To enhance the quality of life for the people of Pingelly through the provision of leadership, services and infrastructure (these roles are outlined below).

Values

*Accountability

*Integrity

*Professionalism

*Team Work/Leadership

Logo

The Shire of Pingelly logo features the silver princess gum, a gum unique to the Pingelly Shire. This beautiful flower is the spirit of perseverance and offers the inspiration to tackle difficulties with the development of inner strength; to continually challenge oneself to overcome internal and external obstacles to progress; to never give up and to keep learning how to work something out until it is mastered. The pollen falling from the gum has been represented as stars that are seen in the clear, clean night sky of Pingelly. Stars are representative of good, great, the best and/or quality.

The logo is enclosed with a series of curves that encompass all that is good in the community. They draw together the people and the positive attitude to create a safe place for people of all ages to live in harmony. The curves are not joined allowing space to grow and develop; for ideas to flow both in and out and people to enter into the community.

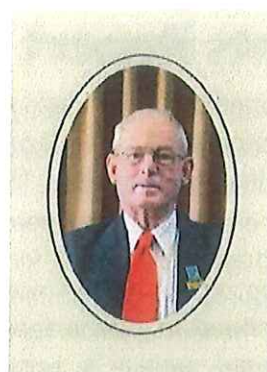
The colours the artist has chosen from nature – the pink of the silver princess gum representing honour, morality, friendship, passiveness and feminine nurturing. The blue and green background are the colours of the eucalyptus leaves, the clean blue sky and the crops during winter and is indicative of life, growth, renewal and the environment. It is restful and calming and abundant in nature. The yellow of the stars is sunshine, happiness, joy and cheerfulness. The white curve represents the welcoming hands of friendship stretching out to all and inviting them in to this community.



Councillors of the Shire



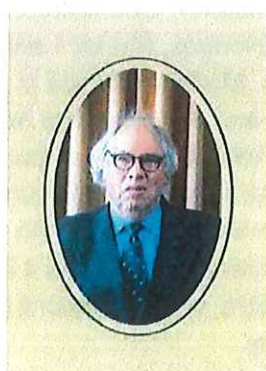
Cr Shirley Lange
(President)
Retiring 2019



Cr William Mulroney
(Deputy President)
Retiring 2019



Cr Raymond Marshall
Retiring 2017



Cr David Freebairn
Retiring 2017



Cr Lee Steel
Retiring 2017



Cr Evan Hodges
Retiring 2019



Cr Michelle
Walton-Hassell
Retiring 2019



Cr Peter Wood
Retiring 2017

Shire Presidents Report

It is with pleasure that I present this report. Last year in my report that I commented that being on Council was a very exciting time as we had received some very substantial grant funding. This has enabled the projects to move on and at present we can see the Primary Health Centre taking shape and a great pile of sand for the Recreation and Cultural Centre. The Age Appropriate Accommodation is also on its way and the finish date for all these projects is early 2018. The Primary Health Centre (with Cunderdin) project is being totally funded by Royalties for the Regions as a demonstration site for the Wheatbelt and will not impact on rates as it is managed by Western Australian Country Health Services.



COUNCILLORS: We ended June 2016 with 7 Councillors: David Freebairn, Michelle Walton-Hassel, Evan Hodges, Shirley Lange, Bill Mulroney, Ray Marshall and Lee Steel. Cr. Morton resigned in April 2016 which triggered a special election in July and this attracted two nominations – Brian Hotham and Peter Wood. Peter Wood won the election and was sworn in as our eighth Councillor. Thank you to Brian for nominating. I believe with the training we as a Council have done (we again attended the Beverley training days) and the team development programme has paid off with a very cohesive leadership team. It is now a requirement for Pingelly Councillors to attend training and it is a great help in understanding the rapidly changing face of Council. To the Councillors, congratulations and well done and also my special thanks go to our Deputy President Cr Bill Mulroney.

MEETINGS: We have continued holding two meetings a month: 1st Wednesday for general reports and information sessions, and the 3rd Wednesday the ordinary Council meeting. We have held 11 ordinary Council meetings and attendance was as follows: Cr. David Freebairn (9), Cr. Michelle Walton-Hassel (10), Cr. Evan Hodges (11), Cr. Shirley Lange (11), Cr. Bill Mulroney (9), Cr. Ray Marshall (10), Cr. Lee Steel (10) and Cr. Peter Wood (9). This year saw the gazetting of our Standing Orders. This has taken many years but it is now finalised.

HOSPITALITY: Our post Council dinner has been provided by local groups, all very good cooks and this is much appreciated after a long day of meetings. We have been able to host many meetings with community groups, parliamentarians; regional development groups; the Grants Commissioners; Architects; Builders, Health Services; Police; neighbouring Councils and this year we hosted the Central Country Zone (16 Councils) at the Golf Club. Our culture of offering morning or afternoon teas or a light lunch has helped to build strong and meaningful relationships.

CHIEF EXECUTIVE OFFICER: I wish to offer my grateful thanks to our CEO, Gavin Pollock, who is a highly motivated and committed CEO and who has been responsible for many changes. He continues to present Council with good information. He has a great vision for being the best Shire and has helped Council to better understand the scope of work for the year. My thanks Gavin, I have appreciated the planning you have done and we can now see the results beginning to bear fruit.

STAFF: It has been pleasing that most have had training in their particular area. I would like to congratulate them for their friendly attitude which has been commented on frequently. The outside crew has carried out work on our roads and it is gratifying to see the improvements. Travelling around the Wheatbelt I believe we have the best road network now. The town crew! Great work and many compliments on the gardens – take a good long look and try and see what visitors see – it is a credit to the town crew.

COMMUNITY: During the financial year we have supported many events including Remembrance Day and morning tea, presented Sportsperson trophies to the School; Fireworks at the Christmas Party; Australia Day Breakfast, Citizen and Sportsperson of the year and Australia Day and WA Week medals or trophies for club events, Thank a Volunteer Day; Anzac Day. Again this year we took Council issues to Australia Day and the Market Days which attracted a lot of questions. It was well worth doing! Funding applications were received from local groups and received some financial assistance to support their projects.

NEIGHBOURING COUNCILS: We continue to work with neighbouring Councils, especially with Brookton and Beverley on regional aged issues and Wandering on Emergency Management. The CEO's from the neighbouring Shires have developed some work arrangements and this has been a good move for improving relationships.

Thank you.

Councillor Shirley Lange

President of the Shire Council of Pingelly

Chief Executive Officers Report

The 2016/17 financial year has seen further consolidation and continual improvements within the Shires operations in both the Administration and Works Department.

In February 2017 the Shire participated in the voluntary program called Better Practice Review, being run by the Department of Local Government and Communities. This review found that the Shire is performing and functioning well. It has a positive organisational culture with a strong focus on achieving results — and on continuous improvement — across a wide range of its operations. A cordial and productive working relationship exists between elected members and the administration; a relationship which is based on respect and a mutual desire to achieve positive results for the Shire's community.

During the financial year a number of projects have been delivered:

- Sale of shed & industrial land at 2 Paragon Street.
- Implementation of new Records keeping software.
- Roadside vegetation control program.
- Demolition of the old Community Centre.
- Works in Progress PRACC \$1.594M and PAAA \$203K.
- Replacement of bulk diesel fuel tank at Works Depot.
- Installation of Communications tower at SES building.
- Wickepin Pingelly Rd National Blackspot project \$351,000.
- Wickepin Pingelly Rd Regional Road Group (RRG) project \$178,000
- York Williams Road drainage and reseal works (RRG) \$332,000.
- Bullaring Road reseal and repair failures Roads to Recovery \$105,000.
- Bulyee Road Roads to Recovery project \$20,000.
- Shaddick Road Realignment \$128,000.
- Bridge 1191 Bullaring Road replacement with box culverts \$163,000.
- Gravel resheeting of various roads \$150,000.

The Shire's contracted Ranger Services through WA Contract Ranger Services still proving a very cost efficient and ongoing successful arrangement.

The Pingelly Recreation and Cultural Centre (PRACC) continues to progress well. The Pingelly Aged Appropriate Accommodation (PAAA) Project has also progressed well and both projects are set for completion in 2018.

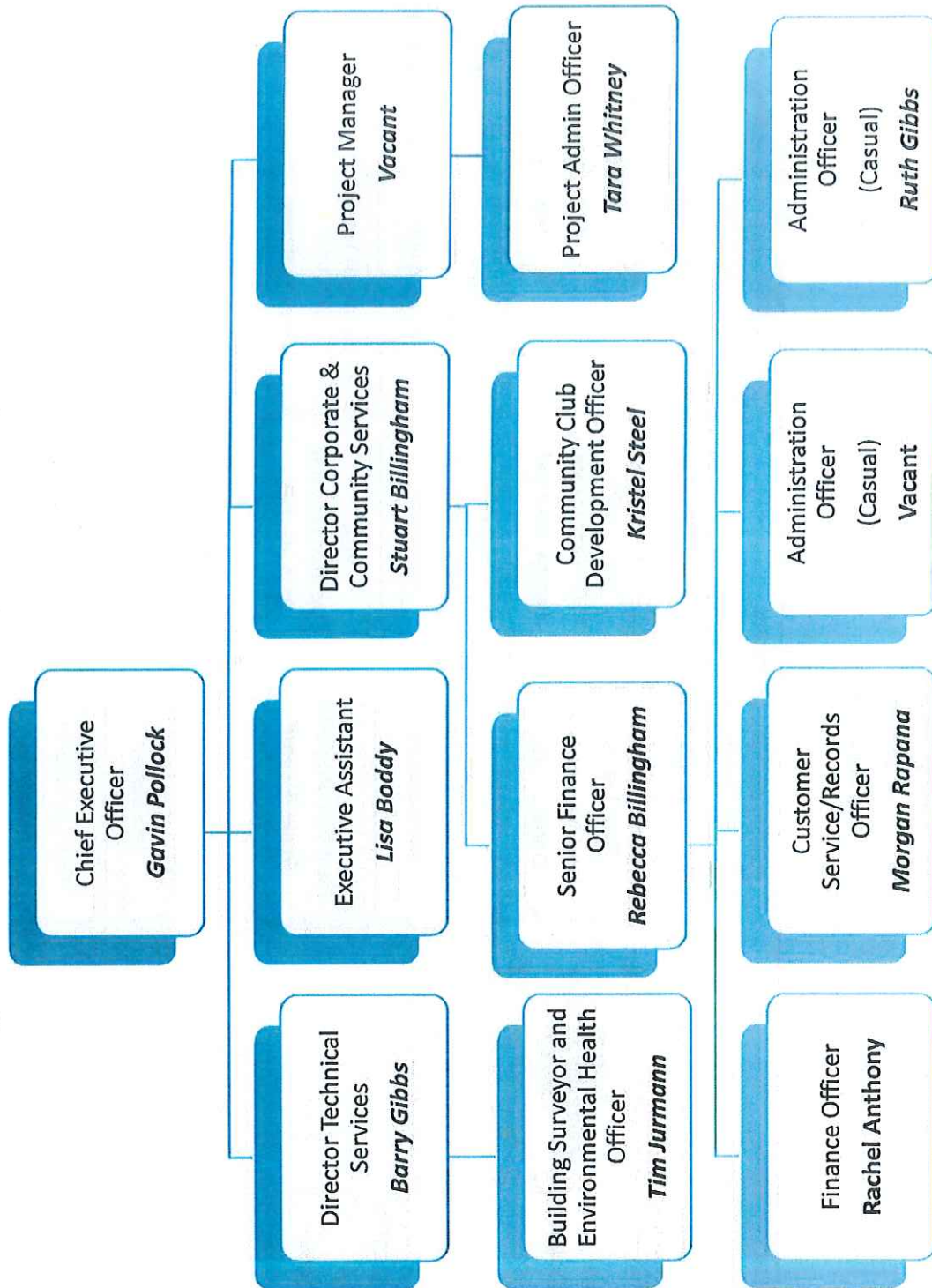
I wish to take this opportunity to thank all the Councillors and staff for their commitment and team work, working together with our community during the year, to achieve the visions and goals of the Shire of Pingelly.

Thank you to you all.

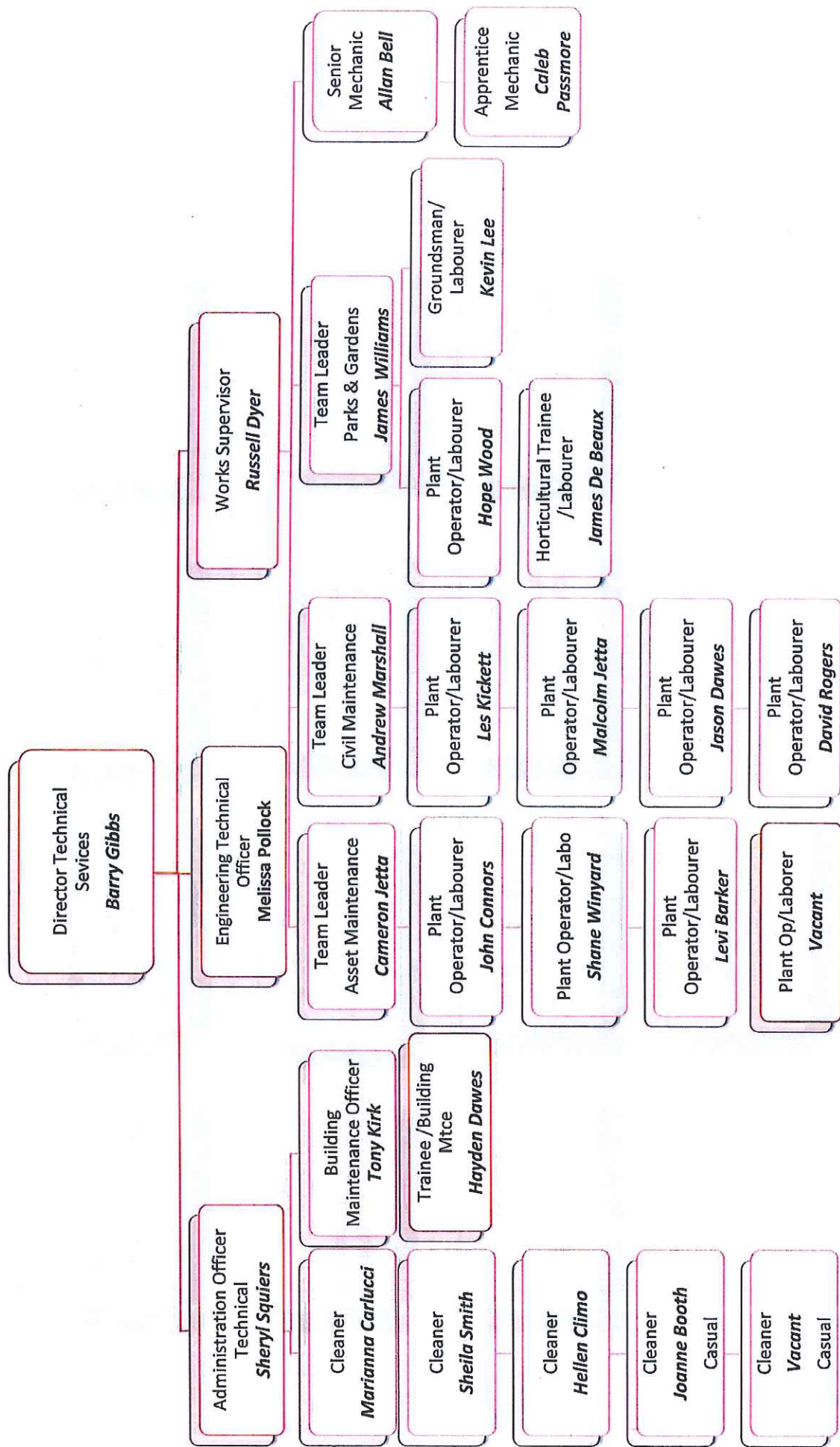
Gavin Pollock
Chief Executive Officer



Organisational Structure (June 2017) - Administration



Organisational Structure (June 2017) – Engineering Services



Statutory Reports

Complaints Lodged Under Provisions of *Local Government Act 1995*

The *Local Government Act 1995* Part 5 was amended during 2007 providing for a new complaints system for minor and serious breaches of the Act by Councilors' and Staff.

No complaints were received during the 2016/2017 financial year.

S 5.120. Responsible Complaints Officer: Chief Executive Officer.

Disability Access & Inclusion Plan

Under *Disability Services Act 1993*, amended in 2004, Council is required to lodge this report with the Disability Services Commission.

Council adopted a new Shire of Pingelly Access and Inclusion Plan (DAIP) 2015-2019 at the council meeting held on 9 June 2015. The next review of the DAIP is scheduled for May 2018.

This plan aims to build on the capacity for people with disabilities to access the Shire of Pingelly services, facilities and information that promotes independence, opportunities and inclusion in the community.

The Shire of Pingelly recognises:

- That people with disability are valued members of the community who make a variety of contributions to local, social and cultural life;
- People with disability, their families and careers should be supported to remain in the community;
- Its commitment to consulting with people with disabilities, their families and careers, and disability organisations in addressing barriers to access and inclusion;
- Its commitment to ensure contractors and agents works towards the desired outcomes in the DAIP;
- Is committed to supporting local community groups and business to provide access and inclusion to people with disability;
- Its commitment to achieving the seven desired outcomes of its DAIP.

Improvements since the last DAIP:

- Existing functions, facilities and services are adapted to meet the needs of people with disability:
 - The Pingelly Library now has a borrow box program to give online access to audio books
- Access to buildings and facilities have been improved:
 - Improved access was provided to the Administration building, including a ramp and non-slip coating on paving
 - Accessible public toilets are operating in Pioneer Park
 - Ramp access has been provided at the Community Centre
 - A maze at the major railway crossing has been installed in conjunction with main roads-included tactile paving and a tap rail
- Employee awareness of needs of people with disabilities and skills in delivering service is provided
 - Key Shire employees received disability awareness training with regard to the provision of services and facilities
- Opportunities are provided to people with disability to participate in public consultations, grievance mechanisms and decision-making process
 - Information on consultations was simplified and can be available in alternative formats
 - Municipal election voting was held in an accessible building, with the provision of assistance where requested as permitted under the *Local Government (Elections) Regulations 1997* Section 67
 - Consultation for the preparation of this version of the DAIP included the participation of service providers for people with disabilities

Accessibility information has been made available on Shire's website.

Employee Remuneration

In accordance with section 5.53(2) (g) of the *Local Government Act 1995* and Section 19B of the *Local Government (Administration) Regulations 1996*, the following information is provided with respect to employees annual salary entitlement:

Set out below, in bands of \$10,000 is the number of employees of the Shire of Pingelly remuneration with an annual salary of \$100,000 or more.

Salary Range \$	Number of Employees
100,000-109,999	1
110,000-119,999	1
120,000-129,999	
130,000-139,999	
140,000-149,999	
150,000-159,999	
160,000-169,999	1

Freedom of Information

During the 2016/2017 financial year, Council received one request for information under *Freedom of Information Act 1992*.

Council prides itself on being both accountable and accessible to electors and unless containing certain matters, such as personal information etc. is generally able to satisfy all requests for information on any Council related matter outside of the requirements of this Act.

Responsible Officer: Director Corporate & Community Services.

National Competition Policy

In respect to Council's responsibilities in relation to National Competition Policy the Shire of Pingelly reports as follows:

No business enterprise of the Shire has been classified by the Australian Bureau of statistics as either a Public Trading Enterprise or a Public Financial Enterprise.

Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.

No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.

Overview of Plan for the Future

Local Government Act 1995 Section 5.51(2) (e) and Section 5.56 a Local Government requires to plan for the future of the district.

This requirement, which replaced the previous Principal Activities Plan, has now been further defined to require that all local authorities adopt a Ten Year Strategic Community Plan and Corporate Business Plan.

Council undertook considerable consultation with the local community and property owners with respect to the formation of a Strategic Community Plan.

Community members invested significant time and energy into contributing to the various workshops, meetings and calls for submission that formed part of this process.

The Shire of Pingelly Strategic Community Plan was adopted by Council in 2012.

Public Interest Disclosure

In accordance with the *Public Interest Disclosure Act 2003*, procedures have been implemented to facilitate receiving, reporting and action on public interest disclosures.

During the 2016/2017 reporting period, no public interest disclosures were lodged.

Responsible officer: Director Corporate & Community Services.

Recordkeeping Plan

Section 19 of the *State Records Act 2000* requires that every government organisation must have a Recordkeeping Plan (RKP) that has been approved by the State Records Commission.

The RKP sets out the matters about which records are to be created by the organization and how it is to be kept. This document provides as accurate reflection of the RKP program within the Shire of Pingelly. The inclusion of such documentation will constitute evidence of compliance.

Staff members responsible for records management have been trained in the basic retention and disposal methods for Local Government and have attended RKP training at the Office of State Records.

In house training sessions for staff are conducted on an as needs basis, for example, when an aspect of the recordkeeping systems changes, or if, responsibilities change.

In accordance with Section 28 of the *State Records Act 2000*, the RKP for the Shire of Pingelly was reviewed, adopted by Council at the ordinary council meeting held on 18 March 2015 and presented to the State Records Office.

At its meeting on 7 August 2015, the State Records Commission approved the Shire of Pingelly RKP and a review of the plan will be submitted on or before 7 August 2020.

Responsible officer: Director Corporate & Community Services.

Shire of Pingelly 2016-2017

Council Preferred Agents

AUDITORS

AMD Chartered Accountants
PO Box 1306
BUNBURY WA 6231

DEBT RECOVERY WA AGENTS

AMPAC Debt Recovery
GPO Box 2779
Cloisters Square PO
PERTH WA 6850

INSURANCE BROKING

LGIS
PO Box 1003
WEST PERTH WA 6872

SOLICITORS

McLeod's Barristers & Solicitors
220-222 Stirling Highway
CLAREMONT WA 6010

BANKING AGENTS

Bendigo Bank
PO Box 480
BENDIGO VIC 3552

SETTLEMENT AGENTS

Combined Property Settlements Agency Pty Ltd
PO Box 4312
MYAREE WA 6960

RISK MANAGEMENT/OHS

Local Government Insurance Services
Po Box 1003
WEST PERTH WA 6872

TAXATION AND ACCOUNTING

WALGA Tax Service
15 Altona Street
WEST PERTH WA 6872

(The above list is provided to inform Electors of those companies who provide significant advice to Council).

Annual Financial Report Executive Summary

The Financial Report for the 2016/2017 financial year has been prepared in accordance with the requirements of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* including amendments up to June 2017, and the relevant Australian Accounting Standards.

The following summary is designed to provide comment on the financial information contained within the Annual Financial Report to assist Electors in comprehending the information.

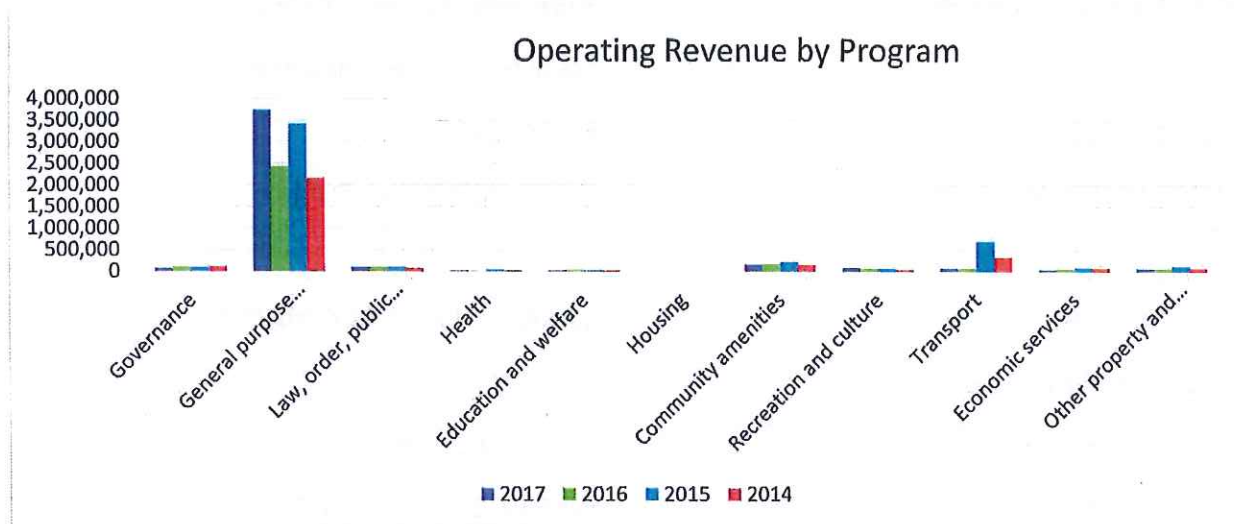
Overall Financial Position

The Shire of Pingelly's Net Result for 2016/17 was an operating surplus of \$1,431,510, an increase on the 2015/2016 operating result which was a \$953,205 operating deficit. The \$2,384,715 difference is attributed to \$1,167,817 increase in Operating Grants and an increase of \$1,845,164 in Non-Operating Grants for 2016/17 from 2015/16 levels.

The operating result included the bringing to account a \$305,473 decrease on changes on revaluation of Land & Building non-current assets in 2016/17. Council continues to maintain adequate levels of Reserve Funds.

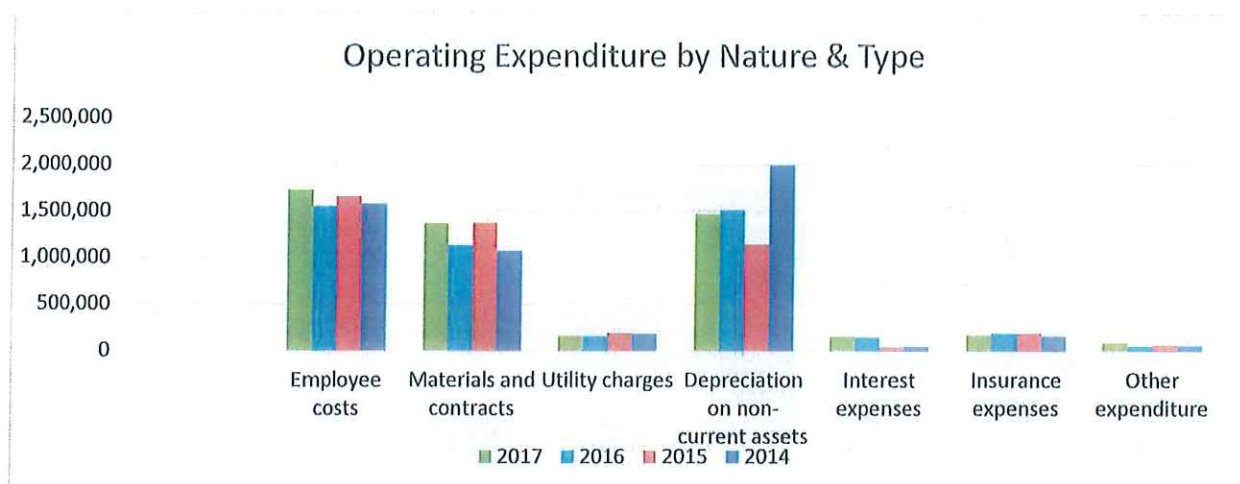
Summary of Income and Expenditure

Council's various income and expenditure streams are classified into types, and these classifications are based on programs listed below.



Employee costs which are a combination of salary and wages, labour overheads, superannuation, workers compensation insurance, protective clothing/uniforms and fringe benefits tax and these are the largest operating expense for the shire.

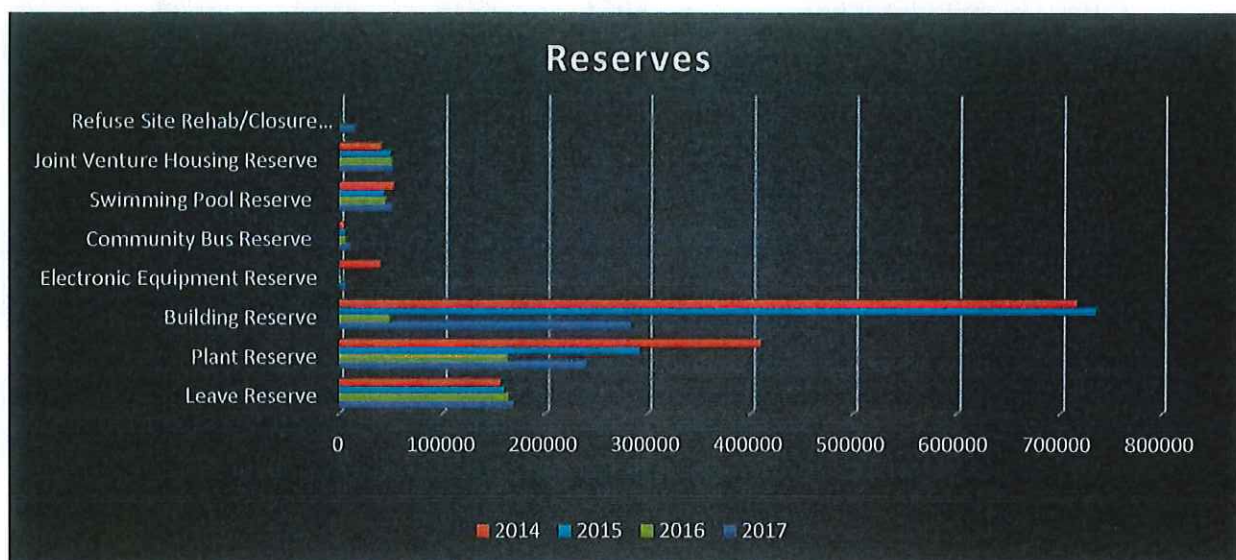
Employee operating costs for 2016/17 were \$1.723 million compared to \$1.548 million from the previous year 2015/16. The Shire has managed to keep employee costs to a manageable level in 2016/2017.



Reserves

The Shire of Pingelly's total cash backed Reserve Funds of \$827,388 increased by \$350,534 for the 2016/17 financial year. The increase predominately from the transfer to the Building Reserve of \$436,126 from the sale proceeds of 2 Paragon Street and the annual transfer to the Plant Reserve of \$255,528 including interest. Transfer from Building Reserve of \$200,000 towards the new Pingelly Recreation & Cultural Centre.

Whereas the Swimming Pool Reserve and Leave Reserves continue to be steady. Lump sum transfers from Reserve Fund to the Municipal Fund were used for the purpose for which they were set aside.

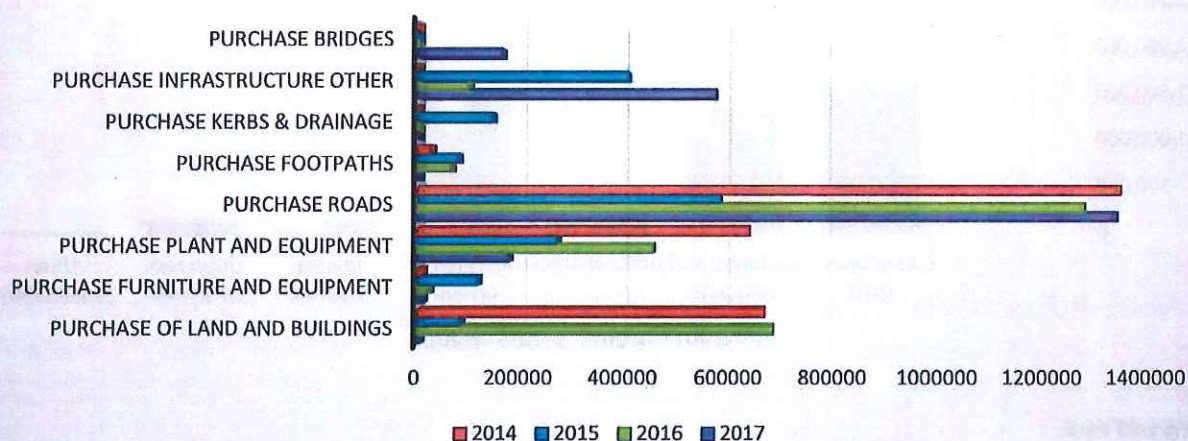


Capital Expenditure

Expenditure on capital works and purchases for the 2016/2017 year is as follows for the individual classes of assets, with comparison from the previous year.

The difference between 2015/2016 and 2016/2017 expenditure on Land & Buildings can be explained by the bringing to account a \$305,473 reduction due to changes on revaluation of Land & Buildings non-current assets.

Summary of Total Asset Expenditure (\$)



Financial Ratios

Changes to the *Local Government (Financial Management) Regulations 1996*, Section 50(1), introduced a new set of financial ratios for all Western Australian Local Governments to report.

The Shire of Pingelly for 2016/17 currently met almost all of the basic standards, except for the Operating Surplus Ratio and Debt Service Cover Ratio. The following table demonstrates the position for the last five financial reporting periods:

Financial Management	2017	2016	2015	2014	2013
Current Ratio	2.03	1.05	3.89	5.35	4.43
Debt Service Cover Ratio	0.25	(0.07)	1.12	0.53	13.07
Operating Surplus Ratio	(0.60)	(0.72)	(0.47)	(0.91)	0.28
Own Source Revenue Coverage Ratio	0.42	0.48	0.48	0.42	0.47
Asset Management					
Asset Consumption Ratio	0.71	0.62	0.99	0.80	0.62
Asset Sustainability Ratio	2.23	1.60	0.31	1.03	2.25
Asset Renewal Ratio	0.75	0.77	0.89	1.00	1.00

Key:

Did not meet Standard	Basic Standard	Intermediate Standard	Advanced Standard/Std Met
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Although there are financial challenges, particularly to provide for long term replacement for Council infrastructure and the management of operating costs, the Shire of Pingelly is well placed to meet those challenges due to the expected continued population growth and relatively sound financial position.

APPENDIX A

2016/2017

Annual Financial Report

SHIRE OF PINGELLY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
17 Queen St
Pingelly WA 6308

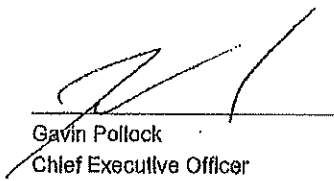
SHIRE OF PINGELLY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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 supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 4th day of December 2017



Gavin Pollock
Chief Executive Officer

SHIRE OF PINGELLY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	1,870,046	1,864,908	1,699,390
Operating grants, subsidies and contributions	30	1,964,621	1,336,266	796,804
Fees and charges	29	284,771	317,450	322,566
Interest earnings	2(a)	136,752	101,855	166,725
Other revenue	2(a)	129,705	191,200	125,401
		<u>4,385,895</u>	<u>3,811,679</u>	<u>3,110,886</u>
Expenses				
Employee costs		(1,723,449)	(1,358,844)	(1,548,452)
Materials and contracts		(1,364,108)	(1,235,122)	(1,132,625)
Utility charges		(155,854)	(150,371)	(154,669)
Depreciation on non-current assets	2(a)	(1,466,111)	(2,110,000)	(1,509,979)
Interest expenses	2(a)	(154,812)	(134,660)	(141,780)
Insurance expenses		(170,161)	(166,361)	(188,572)
Other expenditure		(87,778)	(69,300)	(45,312)
		<u>(5,122,273)</u>	<u>(5,224,658)</u>	<u>(4,721,389)</u>
		(736,378)	(1,412,979)	(1,610,503)
Non-operating grants, subsidies and contributions	30	3,179,845	8,312,488	1,334,681
Profit on asset disposals	21	0	257,550	11,069
(Loss) on asset disposals	21	(706,484)	(55,350)	(72,152)
(Loss) on revaluation of plant and equipment	7(b)	0	0	(9,900)
Reversal of prior year loss on revaluation of furniture and equipment	7(b)	0	0	1,597
Net result		<u>1,736,983</u>	<u>7,101,709</u>	<u>(345,208)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(305,473)	0	(607,997)
Total other comprehensive income		<u>(305,473)</u>	<u>0</u>	<u>(607,997)</u>
Total comprehensive income		<u>1,431,510</u>	<u>7,101,709</u>	<u>(953,205)</u>

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

SHIRE OF PINGELLY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		73,207	93,800	109,074
General purpose funding		3,742,376	3,150,445	2,427,840
Law, order, public safety		103,107	102,122	108,374
Health		11,983	11,700	11,162
Education and welfare		16,785	15,358	27,723
Community amenities		162,643	174,400	171,343
Recreation and culture		96,445	73,885	68,567
Transport		80,794	80,794	75,100
Economic services		35,980	50,675	54,759
Other property and services		62,575	58,500	56,944
		<u>4,385,895</u>	<u>3,811,679</u>	<u>3,110,886</u>
Expenses	2(a)			
Governance		(577,196)	(630,066)	(560,473)
General purpose funding		(188,660)	(150,901)	(150,054)
Law, order, public safety		(209,005)	(237,309)	(213,076)
Health		(133,557)	(128,846)	(122,479)
Education and welfare		(36,616)	(35,776)	(28,230)
Community amenities		(457,121)	(422,643)	(330,773)
Recreation and culture		(1,014,453)	(930,175)	(967,722)
Transport		(2,023,285)	(2,272,333)	(1,929,834)
Economic services		(261,802)	(262,790)	(247,498)
Other property and services		(65,766)	(19,159)	(29,470)
		<u>(4,967,461)</u>	<u>(5,089,998)</u>	<u>(4,579,609)</u>
Finance costs	2(a)			
Law, order, public safety		(40,550)	(20,382)	(23,127)
Education and welfare		(13,353)	(13,358)	(14,269)
Recreation and culture		(100,909)	(100,920)	(104,384)
		<u>(154,812)</u>	<u>(134,660)</u>	<u>(141,780)</u>
		<u>(736,378)</u>	<u>(1,412,979)</u>	<u>(1,610,503)</u>
Non-operating grants, subsidies and contributions	30	3,179,845	8,312,488	1,334,681
Profit on disposal of assets	21	0	257,550	11,069
(Loss) on disposal of assets	21	(706,484)	(55,350)	(72,152)
(Loss) on revaluation of plant and equipment	7(b)	0	0	(9,900)
Reversal of prior year loss on revaluation of furniture and equipment	7(b)	0	0	1,597
Net result		<u>1,736,983</u>	<u>7,101,709</u>	<u>(345,208)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(305,473)	0	(607,997)
Total other comprehensive income		<u>(305,473)</u>	<u>0</u>	<u>(607,997)</u>
Total comprehensive income		<u><u>1,431,510</u></u>	<u><u>7,101,709</u></u>	<u><u>(953,205)</u></u>

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

SHIRE OF PINGELLY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,431,783	3,504,262
Investments	4	5,000	5,000
Trade and other receivables	5	804,829	353,090
Inventories	6	2,474	1,148
TOTAL CURRENT ASSETS		4,244,086	3,863,500
NON-CURRENT ASSETS			
Other receivables	5	233,102	614,927
Property, plant and equipment	7	10,013,560	10,243,367
Infrastructure	8	71,927,499	70,971,113
TOTAL NON-CURRENT ASSETS		82,174,161	81,829,407
TOTAL ASSETS		86,418,247	85,692,907
CURRENT LIABILITIES			
Trade and other payables	9	148,721	408,755
Current portion of long term borrowings	10	58,460	173,181
Provisions	11	250,327	164,274
TOTAL CURRENT LIABILITIES		457,508	746,210
NON-CURRENT LIABILITIES			
Long term borrowings	10	2,470,742	2,909,687
Provisions	11	65,225	43,748
TOTAL NON-CURRENT LIABILITIES		2,535,967	2,953,435
TOTAL LIABILITIES		2,993,475	3,699,645
NET ASSETS		83,424,772	81,993,262
EQUITY			
Retained surplus		27,211,883	25,825,434
Reserves - cash backed	12	827,388	476,854
Revaluation surplus	13	55,385,501	55,690,974
TOTAL EQUITY		83,424,772	81,993,262

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

SHIRE OF PINGELLY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		25,361,268	1,286,228	56,298,971	82,946,467
Comprehensive income					
Net result		(345,208)	0	0	(345,208)
Changes on revaluation of assets	13	0	0	(607,997)	(607,997)
Total comprehensive income		(345,208)	0	(607,997)	(953,205)
Transfers from/(to) reserves		809,374	(809,374)	0	0
Balance as at 30 June 2016		25,825,434	476,854	55,690,974	81,993,262
Comprehensive income					
Net result		1,736,983	0	0	1,736,983
Changes on revaluation of assets	13	0	0	(305,473)	(305,473)
Total comprehensive income		1,736,983	0	(305,473)	1,431,510
Transfers from/(to) reserves		(350,534)	350,534	0	0
Balance as at 30 June 2017		27,211,883	827,388	55,385,501	83,424,772

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

SHIRE OF PINGELLY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,821,279	1,874,908	1,686,291
Operating grants, subsidies and contributions		1,499,975	1,352,269	787,798
Fees and charges		284,771	317,450	323,132
Interest earnings		136,752	101,855	166,725
Goods and services tax		(24,773)	122,000	359,558
Other revenue		129,705	191,200	123,776
		<u>3,847,709</u>	<u>3,959,672</u>	<u>3,447,280</u>
Payments				
Employee costs		(1,607,790)	(1,299,844)	(1,552,850)
Materials and contracts		(1,629,983)	(1,180,062)	(872,718)
Utility charges		(155,854)	(150,371)	(154,669)
Interest expenses		(158,426)	(134,660)	(142,410)
Insurance expenses		(170,161)	(166,361)	(188,572)
Goods and services tax		0	(112,000)	(337,088)
Other expenditure		(87,931)	(69,300)	(45,312)
		<u>(3,810,145)</u>	<u>(3,112,598)</u>	<u>(3,293,619)</u>
Net cash provided by (used in) operating activities	14(b)	<u>37,564</u>	<u>847,074</u>	<u>153,661</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,244,813)	(10,205,486)	(1,422,757)
Payments for construction of infrastructure		(1,514,492)	(1,781,004)	(1,449,049)
Non-operating grants, subsidies and contributions		3,179,845	8,312,488	1,334,681
Proceeds from sale of fixed assets		554,658	492,000	82,472
Net cash provided by (used in) investment activities		<u>(24,802)</u>	<u>(3,182,002)</u>	<u>(1,454,653)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(553,666)	(173,181)	(165,510)
Proceeds from self supporting loans		468,425	87,940	83,747
Net cash provided by (used in) financing activities		<u>(85,241)</u>	<u>(85,241)</u>	<u>(81,763)</u>
Net increase (decrease) in cash held		<u>(72,479)</u>	<u>(2,420,169)</u>	<u>(1,382,755)</u>
Cash at beginning of year		<u>3,504,262</u>	<u>3,280,040</u>	<u>4,887,017</u>
Cash and cash equivalents at the end of the year	14(a)	<u><u>3,431,783</u></u>	<u><u>859,871</u></u>	<u><u>3,504,262</u></u>

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

**SHIRE OF PINGELLY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		<u>384,951</u>	<u>422,977</u>	<u>1,223,226</u>
		384,951	422,977	1,223,226
Revenue from operating activities (excluding rates)				
Governance		73,207	93,800	109,074
General purpose funding		1,876,559	1,285,737	748,998
Law, order, public safety		103,107	102,122	108,374
Health		11,983	11,700	11,162
Education and welfare		16,785	15,358	27,723
Community amenities		162,643	174,400	171,343
Recreation and culture		96,445	88,435	68,567
Transport		80,794	80,794	86,169
Economic services		35,980	293,675	54,759
Other property and services		62,575	58,500	56,944
		<u>2,520,078</u>	<u>2,204,521</u>	<u>1,443,113</u>
Expenditure from operating activities				
Governance		(594,713)	(682,916)	(569,219)
General purpose funding		(188,660)	(150,901)	(150,054)
Law, order, public safety		(249,555)	(257,691)	(236,203)
Health		(137,690)	(128,846)	(130,248)
Education and welfare		(49,969)	(49,134)	(42,499)
Community amenities		(457,121)	(422,643)	(330,773)
Recreation and culture		(1,580,337)	(1,031,095)	(1,072,605)
Transport		(2,028,955)	(2,274,833)	(1,993,275)
Economic services		(475,991)	(262,790)	(247,498)
Other property and services		(65,766)	(19,159)	(29,470)
		<u>(5,828,757)</u>	<u>(5,280,008)</u>	<u>(4,801,844)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	0	(257,550)	(11,069)
Loss on disposal of assets	21	706,484	55,350	72,152
Loss on Revaluation of Assets		0	0	8,303
Movement in deferred pensioner rates (non-current)		(13,149)	0	(35,517)
Movement in employee benefit provisions		107,530	0	24,808
Depreciation and amortisation on assets	2(a)	1,466,111	2,110,000	1,509,979
Amount attributable to operating activities		<u>(656,752)</u>	<u>(744,710)</u>	<u>(566,849)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,179,845	8,312,488	1,334,681
Proceeds from disposal of assets	21	554,658	492,000	82,472
Purchase of property, plant and equipment	7(b)	(2,244,813)	(10,205,486)	(1,422,757)
Purchase and construction of infrastructure	8(b)	(1,514,492)	(1,781,004)	(1,449,049)
Amount attributable to investing activities		<u>(24,802)</u>	<u>(3,182,002)</u>	<u>(1,454,653)</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(553,666)	(173,181)	(165,510)
Proceeds from self supporting loans		468,425	87,940	83,747
Transferred from restricted Municipal		596,790	0	0
Unspent Loans going Forward		0	2,500,000	0
Transfers to reserves (restricted assets)	12	(734,070)	(705,755)	(31,626)
Transfers from reserves (restricted assets)	12	383,536	353,000	841,000
Amount attributable to financing activities		<u>161,015</u>	<u>2,062,004</u>	<u>727,611</u>
Surplus(deficiency) before general rates		<u>(520,539)</u>	<u>(1,864,708)</u>	<u>(1,293,891)</u>
Total amount raised from general rates	23	<u>1,865,817</u>	<u>1,864,708</u>	<u>1,678,842</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>1,345,278</u></u>	<u><u>0</u></u>	<u><u>384,951</u></u>

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

**SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

(a) 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.

(b) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) 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.

(e) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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:

Land	Not Depreciated	
Buildings	50 years	2.0%
Furniture and Equipment	10 years	10.0%
Computer and Electronic Equipment	3 years	33.0%
Plant and Equipment		
Earthmoving Equipment	15 years	7.0%
Heavy Trucks	10 years	10.0%
Light and Heavy Trucks	8 years	12.5%
Sedans and Utilities	5 years	20.0%
Minor Miscellaneous Plant	3 years	33.0%
Sealed roads and streets		
Clearing and Earthworks (Formation)_	not depreciated	
Construction/Road Base (Pavement)	40 years	2.5%
Original Surfacing and Major Re-surfacing (Seal)		
Bituminous Seals	40 years	2.5%
Asphalt Surfaces	40 years	2.5%
Gravel roads		
Clearing and Earthworks (Formation)_	not depreciated	
Construction/Road Base (Pavement)	20 years	5.0%
Gravel Sheet	20 years	5.0%
Formed Roads (Unsealed)		
Clearing and Earthworks (Formation)_	not depreciated	
Construction/Road Base (Pavement)	50 years	2.0%
Footpaths - slab	40 years	2.5%
Bridges	50 years	2.0%
Drainage (Storm Water Channels)	40 years	2.5%

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.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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.

(g) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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.

(i) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) 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.

(l) 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.

(m) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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

(p) 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.

(q) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

(s) Rounding Off Figures

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

(t) 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.

(u) 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) 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 ⁽ⁱ⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	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.

Notes:

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(w) 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities
- [AASB 10, 124 & 1049]
- The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.
- The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES

2017

2016

\$

\$

(a) Net Result

The Net result includes:

(i) Charging as an expense:

Significant expense and revenue

Loss on Revaluation of Fixed Assets

0

9,900

Auditors remuneration

- Audit of the Annual Financial Report

17,320

16,572

- Other Services

0

14,375

Depreciation

Buildings - non-specialised

45,970

59,936

Buildings - specialised

97,568

88,176

Furniture and equipment

27,093

42,430

Plant and equipment

173,993

241,214

Infrastructure - Roads

804,954

766,403

Infrastructure - Footpaths

25,379

23,810

Infrastructure - Kerbs and Drainage

27,477

27,482

Infrastructure - Other

155,617

152,469

Infrastructure - Bridges

108,060

108,059

1,466,111

1,509,979

Interest expenses (finance costs)

Debentures (refer Note 22 (a))

154,812

141,780

154,812

141,780

Rental charges

- Operating leases

9,840

9,840

9,840

9,840

(ii) Crediting as revenue:

Other revenue

Reimbursements and recoveries

20,751

74,509

Other

108,954

50,892

129,705

125,401

2017

2017

2016

Actual

Budget

Actual

\$

\$

\$

Interest earnings

- Loans receivable - clubs/institutions

55,513

0

38,084

- Reserve funds

17,957

12,755

31,626

- Other funds

59,410

72,100

79,420

Other interest revenue (refer note 28)

3,872

17,000

17,595

136,752

101,855

166,725

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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

Pingelly, a sustainable community, where natural beauty and economic diversity provide opportunities for all

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

GOVERNANCE

Objective:

Effective leadership and governance

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

A financially sustainable Shire

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

A safe community

Activities:

Fire prevention, animal control and assistance to emergency services.

HEALTH

Objective:

Health and family support services that are accessible and meet the needs of the community

Activities:

Food quality control, provision of doctor services and maintenance of dental equipment.

EDUCATION AND WELFARE

Objective:

Quality of life for the aged and disabled. Development and participation of young people

Activities:

Maintenance of a daycare centre and assistance to the provision of aged care accommodation.

**SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Appropriate development which is diverse in nature and protects local heritage

Activities:

Rubbish and recyclables collection and disposal services, operation of the refuse site, administration of the town planning scheme, maintenance of the cemetery, maintenance of public toilets and maintenance of storm water drainage.

RECREATION AND CULTURE

Objective:

Access to recreation, sporting and leisure opportunities

Activities:

Maintenance of the Town Hall, Pavilion, Community Centre, recreation ground, swimming pool complex, reserves, operation of the library together with support of cultural events.

TRANSPORT

Objective:

Safe and reliable transport infrastructure

Activities:

Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and depot maintenance.

ECONOMIC SERVICES

Objective:

Support the promotion and marketing of local businesses and tourism initiatives

Activities:

The regulation and provision of building control, control of noxious weeds and vermin, standpipe water supplies and area promotion

OTHER PROPERTY AND SERVICES

Objective:

Provide support services for works and plant operations

Activities:

Private works operations, plant repairs and operation costs.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Education and welfare							
WA Health Department - Aged Appropriate Accommodation	0	272,727	(5,457)	267,270	727,273	(197,610)	796,933
LofteryWest - Aged Sensory Garden Grant	0	0	0	0	50,000	0	50,000
Recreation and culture							
Royalties to Regions (12/13) - 40ML Dam Construction	60,000	0	(60,000)	0	0	0	0
Royalties to Regions (12/13) - Tennis Court Construction	90,000	10,000	(100,000)	0	0	0	0
PRACC National Stronger Regions Fund	0	0	0	0	777,719	(777,719)	0
PRACC - Bendigo Bank	0	0	0	0	50,000	0	50,000
PRACC - CBH Grass roots grant playground	0	0	0	0	10,000	0	10,000
PRACC - Forestry Product Commission	0	0	0	0	20,000	0	20,000
Transport							
Roads to Recovery - Road & Bridge Construction	0	443,435	(443,435)	0	606,900	(606,900)	0
Economic services							
KC Box (Donation) - Community Vehicle	0	43,000	(35,926)	7,074	0	(7,074)	0
Total	150,000	769,162	(644,818)	274,344	2,241,892	(1,589,303)	926,933

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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		(225,748)	253,064
Restricted		<u>3,657,531</u>	<u>3,251,198</u>
		<u>3,431,783</u>	<u>3,504,262</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	12	169,097	164,761
Reserves cash backed - Plant Reserve	12	240,391	163,399
Reserves cash backed - Building Reserve	12	284,266	48,140
Reserves cash backed - Electronic Equipment Reserve	12	6,130	1,041
Reserves cash backed - Community Bus Reserve	12	11,146	5,928
Reserves cash backed - Swimming Pool Reserve	12	49,878	43,667
Reserves cash backed - Joint Housing Reserve	12	51,294	49,918
Reserves cash backed - Refuse Site Rehab/Closure Reserve	12	15,186	0
Unspent grants	2(c)	926,933	274,344
Unspent loans	22(c)	<u>1,903,210</u>	<u>2,500,000</u>
		<u>3,657,531</u>	<u>3,251,198</u>
4. INVESTMENTS			
Financial assets at fair value through profit and loss		<u>5,000</u>	<u>5,000</u>
Financial assets at fair value through profit and loss			
At the beginning of the year		<u>5,000</u>	<u>5000</u>
At the end of the year		<u>5,000</u>	<u>5,000</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	153,986	118,368
Sundry debtors	601,751	132,972
GST receivable	42,332	17,559
Loans receivable - clubs/institutions	14,489	87,940
Accrued Income	1,779	5,912
Provision for doubtful debts	(9,508)	(9,661)
	<u>804,829</u>	<u>353,090</u>
Non-current		
Rates outstanding - pensioners	51,385	38,236
Loans receivable - clubs/institutions	181,717	576,691
	<u>233,102</u>	<u>614,927</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	<u>205,371</u>	<u>156,604</u>
Includes:		
Past due and not impaired	186,517	136,254
Impaired	<u>7,947</u>	<u>0</u>
Sundry debtors	<u>601,751</u>	<u>132,972</u>
Includes:		
Past due and not impaired	37,556	1,925
Impaired	<u>1,561</u>	<u>9,661</u>
6. INVENTORIES		
Current		
Fuel & Materials	<u>2,474</u>	<u>1,148</u>
	<u>2,474</u>	<u>1,148</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
- Independent valuation 2017 - level 2	676,506	0
- Independent valuation 2017 - level 3	5,000	0
- Independent valuation 2015 - level 2	0	849,699
- Additions after valuation - cost	0	68,664
	<u>681,506</u>	<u>918,363</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	6,000	0
	<u>6,000</u>	<u>0</u>
	<u>687,506</u>	<u>918,363</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,877,992	0
- Independent valuation 2015 - level 2	0	2,634,304
- Less Accumulated Depreciation	0	(59,936)
	<u>1,877,992</u>	<u>2,574,368</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	3,793,900	0
- Independent valuation 2015 - level 3	0	4,362,775
- Additions after valuation - cost	0	618,974
- Less Accumulated Depreciation	0	(88,176)
	<u>3,793,900</u>	<u>4,893,573</u>
	<u>5,671,892</u>	<u>7,467,941</u>
Total land and buildings	<u>6,359,398</u>	<u>8,386,304</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	92,159	92,159
- Additions after valuation - cost	7,598	0
Furniture and equipment - Less: accumulated depreciation	<u>(27,093)</u>	<u>0</u>
	<u>72,664</u>	<u>92,159</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	1,298,076	1,298,076
- Management valuation 2016 - level 3	146,820	146,820
- Additions after valuation - cost	176,555	0
Plant and equipment - Less: accumulated depreciation	<u>(158,111)</u>	<u>0</u>
	<u>1,463,340</u>	<u>1,444,896</u>
Works In Progress at:		
- Works In Progress	<u>2,118,158</u>	<u>320,008</u>
	<u>2,118,158</u>	<u>320,008</u>
	<u>10,013,560</u>	<u>10,243,367</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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	918,363	0	(106,664)	(130,193)	0	0	0	0	681,506
Land - vested in and under the control of Council	0	0	0	6,000	0	0	0	0	6,000
Total land	918,363	0	(106,664)	(124,193)	0	0	0	0	687,506
Buildings - non-specialised	2,574,368	7,588	(522,818)	(135,176)	0	0	(45,970)	0	1,877,992
Buildings - specialised	4,893,573	72,355	(464,975)	(46,104)	0	0	(97,568)	(563,381)	3,793,900
Total buildings	7,467,941	79,943	(987,793)	(181,280)	0	0	(143,538)	(563,381)	5,671,892
Total land and buildings	8,386,304	79,943	(1,094,457)	(305,473)	0	0	(143,538)	(563,381)	6,359,398
Furniture and equipment	92,159	7,598	0	0	0	0	(27,093)	0	72,664
Plant and equipment	1,444,896	359,122	(166,685)	0	0	0	(173,993)	0	1,463,340
Works In Progress	320,008	1,798,150	0	0	0	0	0	0	2,118,158
Total property, plant and equipment	10,243,367	2,244,813	(1,261,142)	(305,473)	0	0	(344,624)	(563,381)	10,013,550

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	price per hectare
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining life assessments (Level 3) inputs
Furniture and equipment					
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase 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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	58,644,635	58,644,635
- Additions after valuation - cost	2,639,407	1,288,031
Infrastructure - Roads - Less: accumulated depreciation	<u>(1,571,357)</u>	<u>(766,403)</u>
	59,712,685	59,166,263
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	952,387	952,387
- Additions after valuation - cost	62,795	62,795
Infrastructure - Footpaths - Less: accumulated depreciation	<u>(49,189)</u>	<u>(23,810)</u>
	965,993	991,372
Infrastructure - Kerbs and Drainage		
- Management valuation 2015 - level 3	1,155,497	1,155,497
Infrastructure - Kerbs and Drains - Less: accumulated depreciation	<u>(54,959)</u>	<u>(27,482)</u>
	1,100,538	1,128,015
Infrastructure - Other		
- Management valuation 2015 - level 3	4,444,768	4,444,768
- Additions after valuation - cost	673,101	98,223
Infrastructure - Other - Less: accumulated depreciation	<u>(319,583)</u>	<u>(152,469)</u>
	4,798,286	4,390,522
Infrastructure - Bridges		
- Management valuation 2015 - level 3	5,403,000	5,403,000
- Additions after valuation - cost	183,116	0
Infrastructure - Bridges - Less: accumulated depreciation	<u>(216,119)</u>	<u>(108,059)</u>
	5,349,997	5,294,941
	<u>71,927,499</u>	<u>70,971,113</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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	59,166,263	1,351,376	0	0	0	0	(804,954)	0	59,712,685
Infrastructure - Footpaths	991,372	0	0	0	0	0	(25,379)	0	965,993
Infrastructure - Kerbs and Drainage	1,128,015	0	0	0	0	0	(27,477)	0	1,100,538
Infrastructure - Other	4,390,822	0	0	0	0	0	(155,617)	563,381	4,798,286
Infrastructure - Bridges	5,294,941	163,116	0	0	0	0	(108,060)	0	5,349,997
Total infrastructure	70,971,113	1,514,492	0	0	0	0	(1,121,487)	563,381	71,927,499

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Kerbs and Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (Level2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2015	Construction costs and current condition (Level2), residual values and remaining useful life assessments (Level 3) inputs

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

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	5,033	312,725
Accrued interest on debentures	336	3,950
Accrued salaries and wages	35,071	16,912
ATO liabilities	34,643	44,673
Accrued Expenses	56,508	30,495
Prepaid Income	17,130	0
	<u>148,721</u>	<u>408,755</u>

10. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	<u>58,460</u>	<u>173,181</u>
	<u>58,460</u>	<u>173,181</u>
Non-current		
Secured by floating charge		
Debentures	<u>2,470,742</u>	<u>2,909,687</u>
	<u>2,470,742</u>	<u>2,909,687</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	102,638	61,636	164,274
Non-current provisions	0	43,748	43,748
	<u>102,638</u>	<u>105,384</u>	<u>208,022</u>
Additional provision	<u>66,694</u>	<u>40,836</u>	<u>107,530</u>
Balance at 30 June 2017	<u>169,332</u>	<u>146,220</u>	<u>315,552</u>
Comprises			
Current	169,332	80,995	250,327
Non-current	0	65,225	65,225
	<u>169,332</u>	<u>146,220</u>	<u>315,552</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave Reserve	164,761	4,336	0	169,097	164,761	5,693	0	170,454	160,807	3,954	0	164,761
Reserves cash backed - Plant Reserve	163,399	255,528	(178,536)	240,391	163,399	255,646	(151,000)	268,045	292,214	7,185	(136,000)	163,399
Reserves cash backed - Building Reserve	48,140	436,126	(200,000)	284,266	48,140	408,486	(200,000)	256,626	735,066	18,074	(705,000)	48,140
Reserves cash backed - Electronic Equipment Reserve	1,041	5,089	0	6,130	1,041	5,000	0	6,041	1,016	25	0	1,041
Reserves cash backed - Community Bus Reserve	5,928	5,218	0	11,146	5,928	5,007	0	10,935	5,786	142	0	5,928
Reserves cash backed - Swimming Pool Reserve	43,667	6,211	0	49,878	43,667	5,400	0	49,067	42,619	1,048	0	43,667
Reserves cash backed - Joint Housing Reserve	49,918	6,376	(5,000)	51,294	49,918	5,523	(2,000)	53,441	49,720	1,198	0	49,918
Reserves cash backed - Refuse Site Rehab/Closure Reser	0	15,186	0	15,186	0	15,000	0	15,000	0	0	0	0
	476,854	734,070	(363,536)	827,388	476,854	705,755	(353,000)	829,609	1,286,228	31,626	(841,000)	476,854

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Leave Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
Reserves cash backed - Plant Reserve	Ongoing	- to be used for the purchase of major plant.
Reserves cash backed - Building Reserve	Ongoing	- to be used to fund the renovation/purchase of Shire of Pingelly buildings and Recreation Infrastructure.
Reserves cash backed - Electronic Equipment Reserve	Ongoing	- to be used to fund the purchase of administration computer system equipment.
Reserves cash backed - Community Bus Reserve	Ongoing	- to be used to fund the change-over of the community bus.
Reserves cash backed - Swimming Pool Reserve	Ongoing	- to be used to fund the upgrading of the swimming pool complex
Reserves cash backed - Joint Housing Reserve	Ongoing	- to be used for the future maintenance of the Joint Venture units
Reserves cash backed - Refuse Site Rehab/Closure Reserve	Ongoing	- to be used to facilitate the rehabilitation/closure of the town refuse site.

13. REVALUATION SURPLUS

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 PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017 \$	2017 Budget \$	2016 \$
Cash and cash equivalents	<u>3,431,783</u>	<u>859,871</u>	<u>3,504,262</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,736,983	7,101,709	(345,208)
Non-cash flows in Net result:			
Depreciation	1,466,111	2,110,000	1,509,979
(Profit)/Loss on sale of asset	706,484	(202,200)	61,083
Fair value adjustments to fixed assets at fair value through profit or loss	0	0	0
Loss on revaluation of fixed assets	0	0	9,900
Reversal of loss on revaluation of fixed assets	0	0	(1,597)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(538,339)	35,993	(694)
(Increase)/Decrease in inventories	(1,326)	(3,940)	2,818
Increase/(Decrease) in payables	(260,034)	118,000	227,253
Increase/(Decrease) in provisions	107,530	0	24,808
Grants contributions for the development of assets	<u>(3,179,845)</u>	<u>(8,312,488)</u>	<u>(1,334,681)</u>
Net cash from operating activities	<u>37,564</u>	<u>847,074</u>	<u>153,661</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements	2017 \$		2016 \$
Bank overdraft limit	500,000		300,000
Bank overdraft at balance date	0		0
Credit card limit	10,000		10,000
Credit card balance at balance date	<u>(6,864)</u>		<u>0</u>
Total amount of credit unused	<u>503,136</u>		<u>310,000</u>
Loan facilities			
Loan facilities - current	58,460		173,181
Loan facilities - non-current	<u>2,470,742</u>		<u>2,909,687</u>
Total facilities in use at balance date	<u>2,529,202</u>		<u>3,082,868</u>
Unused loan facilities at balance date	<u>1,903,210</u>		<u>2,500,000</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

15. CONTINGENT LIABILITIES

There are no contingent liabilities for the year ending 30 June 2017.

	2017	2016
	\$	\$
16. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	9,840	9,840
- later than one year but not later than five years	6,560	16,400
	<u>16,400</u>	<u>26,240</u>

(b) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	8,729,600	0
Payable:		
- not later than one year	8,729,600	0

The capital expenditure projects outstanding at the end of the current reporting period represents the completion of construction of the new Pingelly Recreation and Cultural Centre and construction of the new Pingelly Aged Appropriate Accommodation units.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

Lot 602 (38) and Lot 603 (36) Sharow Street Singles Units

The Shire of Pingelly entered into a Joint Venture arrangement with the Department of Housing during the 2009/10 financial year for the construction of four x 2 bedroom units. Construction was completed in the 2011/12 financial year. The provision of this housing aims to provide accommodation for singles and childless couples. The Shire of Pingelly has a 18.28% interest in the assets and liabilities of this joint venture under the auspices of Homeswest. All revenue and expenses of the joint venture are recognised in the relevant financial statements of Council.

Council is required to set aside 1% of the current replacement cost of the properties from the rental income each year for the long term maintenance of the properties.

All profits derived from the operation of the Joint Venture Housing are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

	2017	2016
	\$	\$
Lot 602 (38) and Lot 603 (36) Sharow Street Singles Units		
- Opening Balance	49,918	48,720
- Profits From Operations	5,000	0
- Interest Earned	1,376	1,198
- Funds Utilised	(5,000)	0
- Closing Balance	<u>51,294</u>	<u>49,918</u>
	2017	2016
	\$	\$
Non-current assets		
Freehold land at:		
- Independent valuation 2015 - level 2	0	11,699
- Independent valuation 2017 - level 2	9,506	0
Non-Specialised buildings at:		
- Independent valuation 2015 - level 2	0	124,304
- Independent valuation 2017 - level 2	116,992	0
Less: accumulated depreciation	<u>0</u>	<u>(2,486)</u>
	<u>126,498</u>	<u>133,517</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	3,037,417	3,395,706
General purpose funding	285,653	156,604
Law, order, public safety	64,279	91,582
Health	52,944	25,627
Education and welfare	1,254,933	627,050
Housing	284,266	48,140
Community amenities	544,591	549,686
Recreation and culture	9,532,779	9,905,266
Transport	68,811,659	67,837,479
Economic services	996,262	1,419,835
Other property and services	1,050,820	1,072,237
Unallocated	<u>502,644</u>	<u>563,695</u>
	<u>86,418,247</u>	<u>85,692,907</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	2.03	1.05	3.89
Asset sustainability ratio	2.23	1.60	0.31
Debt service cover ratio	0.25	(0.07)	1.12
Operating surplus ratio	(0.60)	(0.72)	(0.47)
Own source revenue coverage ratio	0.42	0.48	0.48

The above ratios are calculated as follows:

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

Notes:

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Transport Licensing	2,037	467,237	(469,274)	0
Funds Held on Behalf of Groups	0	40	0	40
Unclaimed Monies	100	0	0	100
Nomination Deposits	160	0	(160)	0
Bond Monies (Including Key Deposits)	11,262	7,568	(14,909)	3,921
	<u>13,559</u>			<u>4,061</u>

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Land & Buildings								
<u>Governance</u>								
16 Elliot St - House	134,850	128,272	0	(6,578)	134,850	107,000	0	(27,850)
16 Elliot St (Land)	38,000	36,147	0	(1,853)	38,000	38,000	0	0
5 Webb St (Land)	0	0			32,000	20,000	0	(12,000)
<u>Recreation and Culture</u>								
Community Centre & Pav-demolished	464,976	0	0	(464,976)	0	0		
<u>Economic Services</u>								
Industrial Shed - 2 Paragon Street	387,967	205,986	0	(181,981)	0	243,000	243,000	0
Industrial Shed - Lot 853 (Land)	68,664	36,456	0	(32,208)	0	0		
Plant and Equipment								
<u>Governance</u>								
PCEO15 - CEO Vehicle	35,529	35,455	0	(74)	40,000	30,000	0	(10,000)
PCEO16 - CEO Vehicle	69,503	67,273	0	(2,230)	0	0		
EMCCS02 - DCCS Vehicle	0	0			17,000	14,000	0	(3,000)
EMEDS02 - DTS Vehicle	17,225	10,443	0	(6,782)	0	0		
<u>Health</u>								
Drs Car Captiva	12,759	8,626	0	(4,133)	0	0		
<u>Recreation and Culture</u>								
PC15 - Parks & Gardener Ute	0	0			450	15,000	14,550	0
<u>Transport</u>								
PT18 Fuso 918 Crew Cab Tip Truck	31,669	26,000	0	(5,669)	27,500	25,000	0	(2,500)
	<u>1,261,142</u>	<u>554,658</u>	<u>0</u>	<u>(706,484)</u>	<u>289,800</u>	<u>492,000</u>	<u>257,550</u>	<u>(55,350)</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
			\$	\$	\$	\$	\$	\$
Recreation and culture								
Loan #123 - Recreation and Cultural Centre	2,418,237	0	85,241	85,241	2,332,996	2,332,996	100,909	100,920
	2,418,237	0	85,241	85,241	2,332,996	2,332,996	100,909	100,920
Self Supporting Loans								
Law, order, public safety								
Loan #122 - SSL DFES	454,830	0	454,830	74,345	0	380,485	40,550	20,382
Education and welfare								
Loan #120 - SSL Pingelly Cottage Homes	209,801	0	13,595	13,595	196,206	196,206	13,353	13,358
	664,631	0	468,425	87,940	196,206	576,691	53,903	33,740
	3,082,868	0	553,666	173,181	2,529,202	2,909,687	154,812	134,660

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 16 \$	Borrowed		Expended		Balance 30 June 17 \$
			During Year	Year	During Year	Year	
Loan 123 - Recreation and Culture	June 2015	2,500,000					
			\$	\$	\$	\$	
		2,500,000	0	(596,790)	0	(596,790)	1,903,210
		<u>2,500,000</u>	<u>0</u>	<u>(596,790)</u>	<u>0</u>	<u>(596,790)</u>	<u>1,903,210</u>

(d) Overdraft

The Shire of Pingelly did have a \$500,000 overdraft facility as at 30 June 2017

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV-Residential	11.5816	295	2,929,511	339,284	910	0	340,194	339,284	0	0	339,284
GRV-Rural Residential	11.5816	65	683,712	79,185	638	0	79,823	79,185	0	0	79,185
GRV-Commercial/Industrial	11.5816	30	432,515	50,092	0	0	50,092	50,092	0	0	50,092
GRV-Townsite	11.5816	12	128,440	14,875	0	0	14,875	14,875	0	0	14,875
Unimproved value valuations											
UV-Broadacre Rural	1.1073	260	111,685,508	1,236,694	(339)	(100)	1,236,255	1,236,694	0	0	1,236,694
Sub-Total		662	115,859,686	1,720,130	1,209	(100)	1,721,239	1,720,130	0	0	1,720,130
Minimum payment											
Gross rental value valuations											
GRV-Residential	898	82	287,910	73,636	898	0	74,534	73,636	0	0	73,636
GRV-Rural Residential	898	24	95,502	21,552	0	0	21,552	21,552	0	0	21,552
GRV-Commercial/Industrial	898	11	47,144	9,878	(898)	0	8,980	9,878	0	0	9,878
GRV-Townsite	898	7	20,270	6,286	0	0	6,286	6,286	0	0	6,286
Unimproved value valuations											
UV-Broadacre Rural	898	37	1,987,730	33,226	0	0	33,226	33,226	0	0	33,226
Sub-Total		161	2,438,556	144,578	0	0	144,578	144,578	0	0	144,578
Total amount raised from general rate		823	118,298,242	1,864,708	1,209	(100)	1,865,817	1,864,708	0	0	1,864,708
Movement in Excess Rates											
Ex-gratia rates							4,022				0
Totals							<u>207</u>				<u>200</u>
							<u>1,870,046</u>				<u>1,864,908</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017	(1 July 2016	(30 June 2016
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 16 brought forward	1,345,278	384,951	384,951
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	(225,748)	253,064	253,064
Restricted	3,657,531	3,251,198	3,251,198
Receivables			
Rates outstanding	153,986	118,368	118,368
Sundry debtors	601,751	132,972	132,972
GST receivable	42,332	17,559	17,559
Loans receivable - clubs/institutions	14,489	87,940	87,940
Accrued Income	1,779	5,912	5,912
Provision for doubtful debts	(9,508)	(9,661)	(9,661)
Inventories			
Fuel & Materials	2,474	1,148	1,148
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(5,033)	(312,725)	(312,725)
Accrued interest on debentures	(336)	(3,950)	(3,950)
Accrued salaries and wages	(35,071)	(16,912)	(16,912)
ATO liabilities	(34,643)	(44,673)	(44,673)
Accrued Expenses	(56,508)	(30,495)	(30,495)
Prepaid Income	(17,130)	0	0
Current portion of long term borrowings			
Secured by floating charge	(58,460)	(173,181)	(173,181)
Provisions			
Provision for annual leave	(169,332)	(102,638)	(102,638)
Provision for long service leave	(80,995)	(61,636)	(61,636)
Unadjusted net current assets	3,781,578	3,112,290	3,112,290
Adjustments			
Less: Reserves - restricted cash	(827,388)	(476,854)	(476,854)
Less: Loans receivable - clubs/institutions	(14,489)	(87,940)	(87,940)
Less: Unspent Loans	(1,903,210)	(2,500,000)	(2,500,000)
Add: Secured by floating charge	58,460	173,181	173,181
Add Back : Component of Leave Liability not Required to be Funded	250,327	164,274	164,274
Adjusted net current assets - surplus/(deficit)	1,345,278	384,951	384,951

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR

Rates Discounts

No Rates Discount was offered by the Shire during the year ended 2017.

Waivers or Concessions

No waivers or concessions were granted by the Shire during the year ended 2017.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	30/09/2016	0	0.00%	11.00%
Option Two				
First Instalment	30/09/2016	0	0.00%	11.00%
Second Instalment	1/02/2017	10	5.50%	11.00%
Option Three				
First Instalment	30/09/2016	0	0.00%	11.00%
Second Instalment	30/11/2016	10	5.50%	11.00%
Third Instalment	1/02/2017	10	5.50%	11.00%
Fourth Instalment	4/04/2017	10	5.50%	11.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			1,482	11,000
Interest on instalment plan			2,390	6,000
Charges on instalment plan			1,860	5,000
			5,732	22,000

Council at the Ordinary Council Meeting on the 21 September 2017 Item 18.2 resolved the following:

That Council:

- directs the CEO to favourably consider applications for payment plan for UV Broadacre from the 2016/17 Budget.

- agrees to waive the instalment plan fee on these affected assessments.

(NB: The 11% late payment penalty interest would not apply upon acceptance of the payment plan).

- closely scrutinise the 2017/18 Budget UV Broadacre rate in the dollar to be weighted to provide equity from the 2016/17 UV Broadacre rate increase.

12087 Moved: Cr Hodges Seconded: Cr Freebain

Carried:6:0

This was in response to a UV Rural rates issued for 2016/17 being higher than the forecast budget rates increase of 7.5% due to UV valuations loaded affecting the rates model result.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
29. FEES & CHARGES		
Governance	33,297	40,212
General purpose funding	6,171	9,621
Law, order, public safety	6,450	5,159
Health	1,997	1,592
Education and welfare	2,000	2,000
Community amenities	162,643	171,343
Recreation and culture	7,989	16,194
Economic services	35,980	54,693
Other property and services	28,244	21,752
	<u>284,771</u>	<u>322,566</u>

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

30. GRANT REVENUE

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

	2017	2016
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions		
Governance	10	0
General purpose funding	1,781,330	578,363
Law, order, public safety	52,912	78,320
Education and welfare	0	10,000
Recreation and culture	46,344	52,040
Transport	80,794	75,100
Other property and services	3,231	2,981
	<u>1,964,621</u>	<u>796,804</u>
Non-operating grants, subsidies and contributions		
Education and welfare	777,273	272,727
Recreation and culture	935,219	10,000
Transport	1,467,353	1,008,954
Economic services	0	43,000
	<u>3,179,845</u>	<u>1,334,681</u>
	<u>5,144,466</u>	<u>2,131,485</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	32	31
--	----	----

32. ELECTED MEMBERS REMUNERATION

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

	2017	2017 Budget	2016
	\$	\$	\$
Meeting Fees	28,467	38,400	29,981
President's allowance	1,200	1,200	1,200
Deputy President's allowance	300	300	300
Telecommunications allowance	500	1,000	599
	<u>30,467</u>	<u>40,900</u>	<u>32,080</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	510,483
Post-employment benefits	57,741
Other long-term benefits	39,927
Termination benefits	0
	<u>608,151</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

The Shire has a interest in Department of Housing Singles Units. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 17.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

2017

\$

Associated companies/individuals:

Purchase of goods and services

141,769

Amounts outstanding from related parties:

Trade and other receivables

14,215

Loans to associated entities

196,207

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,431,783	3,504,262	3,431,783	3,504,262
Investments	5,000	5,000	5,000	5,000
Receivables	1,037,931	968,017	1,037,931	968,017
	<u>4,474,714</u>	<u>4,477,279</u>	<u>4,474,714</u>	<u>4,477,279</u>
Financial liabilities				
Payables	148,721	408,755	148,721	408,755
Borrowings	2,529,202	3,082,868	2,529,202	3,082,868
	<u>2,677,923</u>	<u>3,491,623</u>	<u>2,677,923</u>	<u>3,491,623</u>

Fair value is determined as follows:

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Held-to-maturity investments

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

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

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

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

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

	2017	2016
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	500	500
- Statement of Comprehensive Income	500	500
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	34,318	44,577
- Statement of Comprehensive Income	34,318	44,577

Notes:

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

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	93%	95%
- Overdue	7%	5%

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

2017

Payables	148,721	0	0	148,721	148,721
Borrowings	213,114	639,342	2,554,859	3,407,315	2,529,202
	<u>361,835</u>	<u>639,342</u>	<u>2,554,859</u>	<u>3,566,036</u>	<u>2,677,923</u>

2016

Payables	408,755	0	0	408,755	408,755
Borrowings	307,841	1,231,365	2,815,337	4,354,543	3,082,868
	<u>716,596</u>	<u>1,231,365</u>	<u>2,815,337</u>	<u>4,763,298</u>	<u>3,491,623</u>

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
\$	\$	\$	\$	\$	\$	\$	\$	

Year ended 30 June 2017

Borrowings

Fixed rate								
Debentures	0	0	0	0	0	2,529,202	2,529,202	4.39%
Weighted average Effective interest rate						4.39%		

Year ended 30 June 2016

Borrowings

Fixed rate								
Debentures	0	0	0	0	0	3,082,868	3,082,868	4.43%
Weighted average Effective interest rate						4.43%		

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

Opinion

We have audited the accompanying financial report of the Shire of Pingelly which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of the Shire of Pingelly:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Pingelly as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

Report on Other Legal and Regulatory Requirements

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

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Pingelly;
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:
 - a. The Shire was due to have a review completed by 31 December 2016 as required by the Local Government (Audit) Regulation 1996, however this timeframe was not met. We acknowledge this review is currently in progress as at the date of this report; and
 - b. In accordance with the requirements of Regulation 33 of the Local Government (Financial Management) Regulations, Council's annual budget is to be submitted to the Department of Local Government within 30 days after Council acceptance. The Shire's budget for 30 June 2017 was adopted by Council on 12 August 2016 however was not submitted to the Department until 28 September 2016.
- (iii) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions;
- (iv) All necessary information and explanations were obtained by us; and
- (v) All audit procedures were satisfactorily completed during our audit.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council for the Financial Report

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

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

Council is responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our audit report.

AMD Chartered Accountants



TIM PARTRIDGE
Partner

28-30 Wellington Street, Bunbury, Western Australia

Dated this 4th day of December 2017

**SHIRE OF PINGELLY
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

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.

	2017	2016	2015
Asset consumption ratio	0.71	0.62	0.99
Asset renewal funding ratio	0.75	0.77	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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

Attachment 3

15.1 Monthly Statement of Financial Activity – November 2017

**Monthly Statements of Financial Activity for the period 1 July 2017
to 30 November 2017**

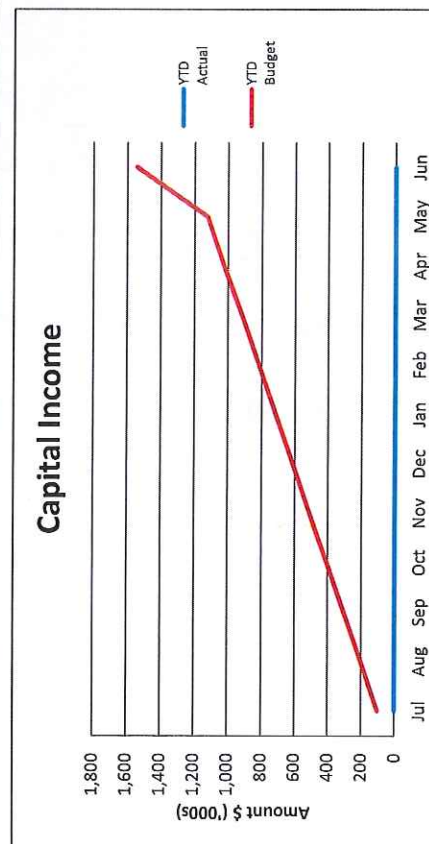
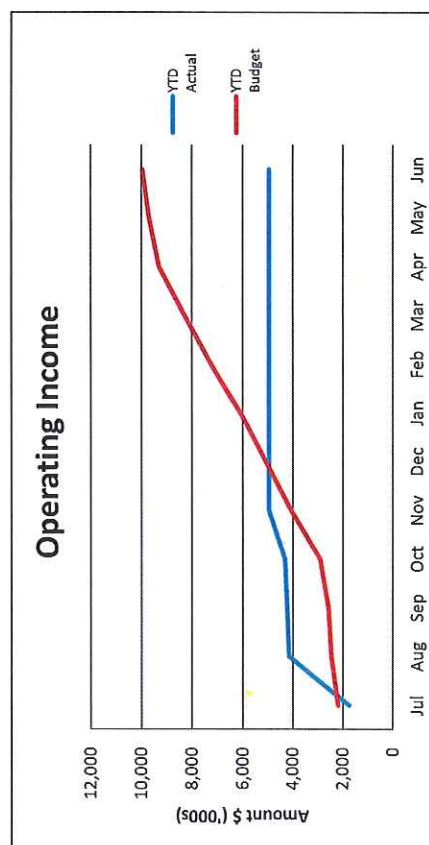
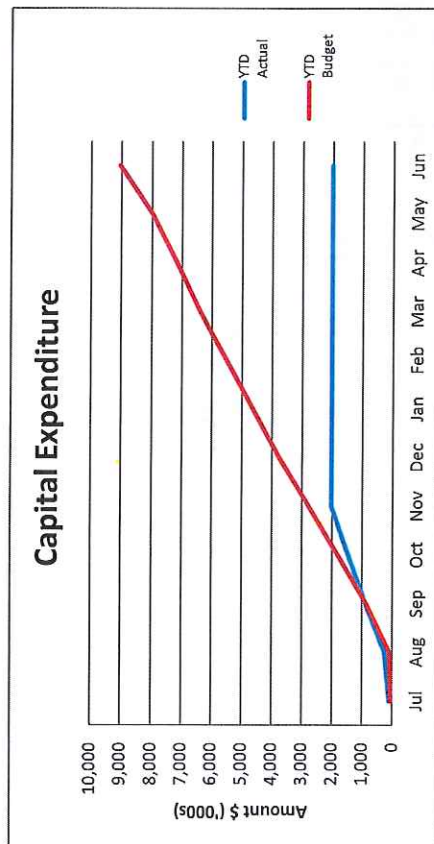
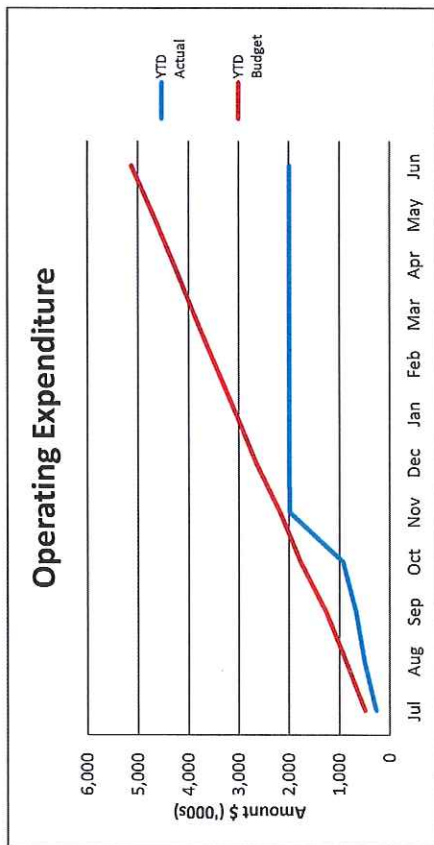


SHIRE OF PINGELLY
MONTHLY STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

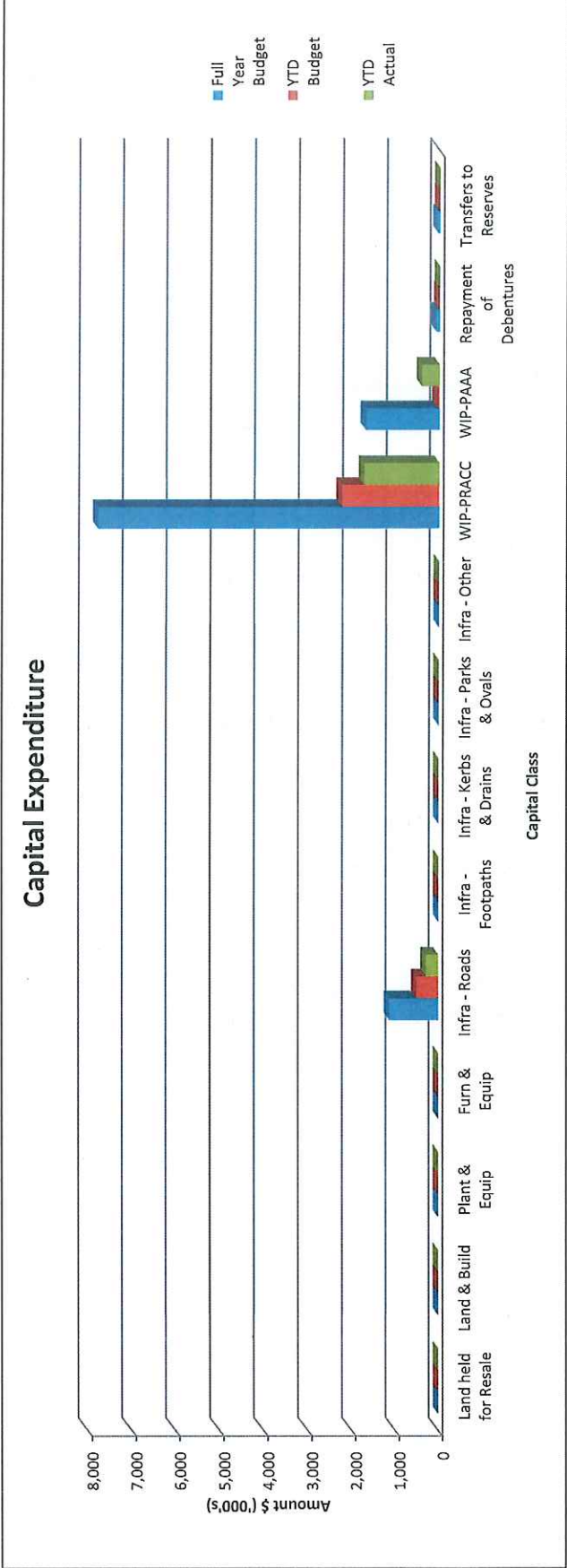
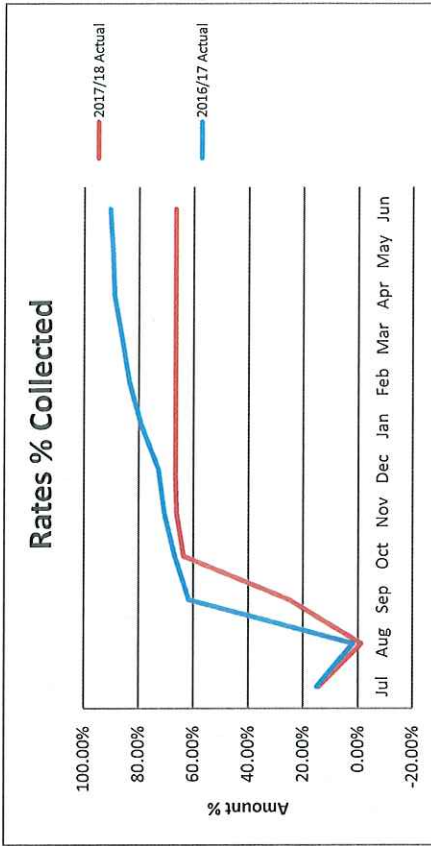
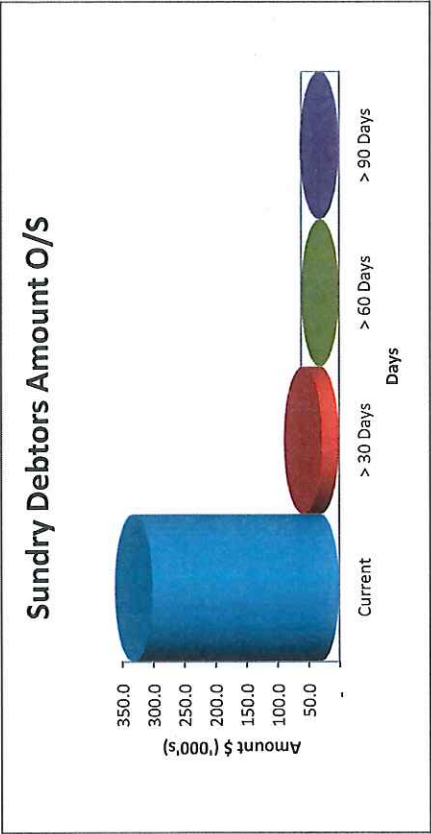
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Income and Expenditure Graphs to 30 November 2017



Other Graphs to 30 November 2017



SHIRE OF PINGELLY

Summary of Balancing Contained Within The Monthly Reports

	2017/18 Adopted Budget \$	2017/18 Revised Budget \$	November 2017 Y-T-D Budget \$	November 2017 Actual \$
Finance Statement				
<u>Balancing to Rating Note</u>				
Rates Balance per Finance Statement	1,890,925	1,890,925	1,890,925	1,893,188
Balance per Note 6 (Rating Information)	1,890,925	1,890,925	1,890,925	1,893,188
Variance	0	0	0	0
<u>Balancing of Closing Position</u>				
Closing Balance per Finance Statement	0	(38,026)	1,433,637	2,591,098
Closing Balance per General Fund Summary	0	(38,026)	1,433,637	2,591,100
Variance	0	0	0	(3)
<u>Balancing of Operating Income</u>				
Operating Income per Finance Statement	9,933,667		4,042,674	4,923,034
Operating Income per General Fund Summary	9,933,667	9,933,667	4,042,674	4,923,033
Variance	0	0	0	1
<u>Balancing of Operating Expenditure</u>				
Operating Expense per Finance Statement	(5,126,247)	(5,126,247)	(2,171,981)	(1,989,954)
Operating Expense per General Fund Summary	(5,126,247)	(5,126,247)	(2,171,981)	(1,989,953)
Variance	0	0	0	(1)
<u>Balancing of Capital Income</u>				
Capital Income per Finance Statement	1,554,489	1,554,489	507,500	0
Capital Income per General Fund Summary	1,554,489	1,554,489	507,500	0
Variance	0	0	0	0
<u>Balancing of Capital Expenditure</u>				
Capital Expense per Finance Statement	(10,984,429)	(10,984,429)	(2,928,153)	(2,433,434)
Capital Expense per General Fund Summary	(10,984,429)	(10,984,429)	(2,928,153)	(2,433,433)
Variance	0	0	0	(1)

SHIRE OF PINGELLY

STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

	NOTE	2017/18 Adopted Budget \$	2017/18 Revised Budget \$	November 2017 Y-T-D Budget \$	November 2017 Actual \$	Variances Actuals to Budget \$	Variances Actual Budget to Y-T-D %	
Operating								
Revenues/Sources								
Governance		65,370	65,370	27,095	24,542	(2,553)	(9.42%)	
General Purpose Funding		668,714	668,714	336,141	301,226	(34,915)	(10.39%)	▼
Law, Order, Public Safety		111,624	111,624	31,475	48,475	17,000	54.01%	▲
Health		11,908	11,908	4,960	10,756	5,796	116.85%	▲
Education and Welfare		631,390	631,390	148,640	293,191	144,551	97.25%	▲
Community Amenities		163,170	163,170	153,565	161,845	8,280	5.39%	
Recreation and Culture		4,535,396	4,535,396	753,573	1,548,208	794,635	105.45%	▲
Transport		1,746,020	1,746,020	650,845	599,451	(51,394)	(7.90%)	
Economic Services		50,150	50,150	20,885	10,926	(9,959)	(47.68%)	▼
Other Property and Services		59,000	59,000	24,570	31,226	6,656	27.09%	▲
		8,042,742	8,042,742	2,151,749	3,029,846	878,097	40.81%	
(Expenses)/(Applications)								
Governance		(589,754)	(589,754)	(266,146)	(231,947)	34,199	12.85%	▼
General Purpose Funding		(167,704)	(167,704)	(68,535)	(74,333)	(5,798)	(8.46%)	
Law, Order, Public Safety		(252,396)	(252,396)	(107,617)	(89,645)	17,972	16.70%	▼
Health		(112,480)	(112,480)	(47,490)	(50,091)	(2,601)	(5.48%)	
Education and Welfare		(48,243)	(48,243)	(16,198)	(9,466)	6,732	41.56%	▼
Community Amenities		(391,955)	(391,955)	(146,326)	(117,725)	28,601	19.55%	▼
Recreation & Culture		(998,815)	(998,815)	(389,485)	(334,315)	55,170	14.16%	▼
Transport		(2,254,150)	(2,254,150)	(959,183)	(926,653)	32,530	3.39%	
Economic Services		(285,114)	(285,114)	(111,133)	(84,895)	26,238	23.61%	▼
Other Property and Services		(25,636)	(25,636)	(59,868)	(70,884)	(11,016)	(18%)	▲
		(5,126,247)	(5,126,247)	(2,171,981)	(1,989,954)	182,027	(8.38%)	
Net Operating Result Excluding Rates		2,916,495	2,916,495	(20,232)	1,039,892	1,060,124	(5239.84%)	
Adjustments for Non-Cash								
(Revenue) and Expenditure								
(Profit)/Loss on Asset Disposals	2	12,000	12,000	0	0	0	0.00%	
Movement in Deferred Pensioner Rates/ESL		0	0	0	0	0	0.00%	
Movement in Employee Benefit Provisions		0	0	0	0	0	0.00%	
Adjustments in Fixed Assets		0	0	0	0	0	0.00%	
Rounding		0	0	0	(1)	(1)	0.00%	
Depreciation on Assets		1,532,000	1,532,000	638,320	638,295	(25)	0.00%	
Capital Revenue and (Expenditure)								
Purchase Land Held for Resale	1	0	0	0	0	0	0.00%	
Purchase of Land and Buildings	1	0	0	0	0	0	0.00%	
Purchase of Furniture & Equipment	1	0	0	0	(165)	(165)	0.00%	
Purchase of Plant & Equipment	1	0	0	0	0	0	0.00%	
Purchase of WIP - PP & E	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Roads	1	(1,387,460)	(1,387,460)	(628,703)	(285,564)	343,139	54.58%	▼
Purchase of Infrastructure Assets - Footpaths	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Kerbs & Drains	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Parks & Ovals	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Bridges	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Other	1	0	0	0	0	0	0.00%	
Purchase of WIP Recreation and Culture	1	(7,781,145)	(7,781,145)	(2,246,690)	(1,741,338)	505,352	22.49%	▼
Purchase of WIP Aged Accommodation	1	(1,698,348)	(1,698,348)	(44,340)	(406,367)	(362,027)	(816.48%)	▲
Proceeds from Disposal of Assets	2	20,000	20,000	7,500	0	(7,500)	(100.00%)	▼
Repayment of Debentures	3	(78,674)	(78,674)	(8,420)	0	8,420	100.00%	▼
Proceeds from New Debentures	3	1,200,000	1,200,000	500,000	0	(500,000)	(100.00%)	▼
Advances to Community Groups		0	0	0	0	0	0.00%	
Self-Supporting Loan Principal Income		14,489	14,489	0	0	0	0.00%	
Transfer from Restricted Asset - Unspent Loans		1,903,210	1,903,210	0	107,881	107,881	0.00%	
Transfers to Restricted Assets (Reserves)	4	(38,802)	(38,802)	0	0	0	0.00%	
Transfers from Restricted Asset (Reserves)	4	320,000	320,000	0	0	0	0.00%	
Transfers to Restricted Assets (Other)		(200,000)	(200,000)	0	0	0	0.00%	
Transfers from Restricted Asset (Other)		0	0	0	0	0	0.00%	
ADD Net Current Assets July 1 B/Fwd	5	1,375,310	1,337,284	1,345,277	1,345,277	(30,033)	0.00%	
Net Current Assets - Unspent Grants		0	0	0	0	0		
LESS Net Current Assets Year to Date	5	0	(38,026)	1,433,637	2,591,098	1,157,461	(80.74%)	▼
Amount Raised from Rates		(1,890,925)	(1,890,925)	(1,890,925)	(1,893,188)	(2,263)	0.12%	

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

Material Variances Symbol

Above Budget Expectations

Greater than 10% and \$5,000

▲

Below Budget Expectations

Less than 10% and \$5,000

▼

SHIRE OF PINGELLY
FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017
Report on Significant variances Greater than 10% and \$5,000

Purpose

The purpose of the Monthly Variance Report is to highlight circumstances where there is a major variance from the YTD Monthly Budget and YTD Actual figures. These variances can occur because of a change in timing of the activity, circumstances change (e.g. a grants were budgeted for but was not received) or changes to the original budget projections. The Report is designed to highlight these issues and explain the reason for the variance.

The Materiality variances adopted by Council are: 10% and \$5,000

Account Program

REPORTABLE OPERATING REVENUE VARIATIONS

General Purpose Funding		(34,915)
Penalty Interest - YTD Budget more than YTD Actual (Timing Difference)	(4,114)	
Rates Admin Fee - YTD Budget more than YTD Actual (Timing Difference)	(390)	
Movement in Excess Rates - YTD Budget nil compared to YTD Actual (Permanent Difference) EOY adjust	(24,370)	
Law Order and Public Safety - variance below budget expectations		17,000
ESL SES grants - YTD Higher than budgeted (Timing difference) received early Q1 Install in June 16/17	8,305	
ESL BFB grants - YTD Higher than budgeted (Timing difference) received early Q1 Install in June 16/17	8,825	
Health - Variance above budget expectations		5,796
BBP reimbursement Inc YTD Budget less than YTD Actual (Timing Difference) Brookton/Beverley Invoiced	5,835	
Education and Welfare - Variance below budget expectations		144,551
Wheatbelt Development Commission - Community Chest Funding Sensory Garden YTD Budget higher than YTD Actuals- first \$20,000 received second payment of \$10,00 not yet received (Timing Difference)	7,500	
PAAA Grant from WA Country Health Service YTD Actual less than YTD Budget (Timing Difference)	142,607	
Recreation and Culture - variance above budget expectations		794,635
PRACC Grants YTD Budget less than YTD Actual - NSRF (Timing Difference) claim 2 Raised in July 2017 \$1,466,579	948,100	
PRACC Grants YTD Budget more than YTD Actual - Lottery West claim 1 \$70,111,(Timing Difference)	(96,555)	
PRACC Grants YTD Budget more than YTD Actual - Dept of Sport & Rec (Timing Difference) Project	(43,750)	
Economic Services - variance below budget expectations		(9,959)
Building Licenses - YTD Budget more than YTD Actuals - Income based on previous year (Timing Difference)	(1,147)	
Other Income YTD Budget more than YTD Actual (Timing Difference)	(8,330)	
Other Property and Services - variance below budget expectations		6,656
Fuel Tax Credits Actual YTD Budget more than YTD Actuals (Timing Difference)	(3,099)	
Reimbursement Workers Compensation YTD Budget less than YTD Actual (Permanent Difference) Nil Budget	11,084	

REPORTABLE OPERATING EXPENSE VARIATIONS

Governance - variance below budget expectations		34,199
Audit fees YTD Budget more than YTD Actual (Timing Difference)	(4,159)	
Administration Allocated YTD Budget more than YTD Actual (Timing Difference)	(22,102)	
Refreshments - YTD Budget more than YTD Actual for this reporting period	(2,679)	
Admin Salaries and Wages YTD Budget less than YTD Actual (Timing difference)	8,925	
Admin Membership YTD Budget less than YTD Actual (Timing difference)	4,114	
Law, Order, Public Safety - variance below budget expectations		17,972
Fire Fighting ESL Expenditure - YTD Budget more than YTD Actual (Timing difference)	7,013	
Building Maintenance YTD Actual less than YTD Budget (Timing Difference) Rear driveway Subject to grant	11,640	
SES Expenses Actual YTD less than Budget YTD (Timing Difference)	4,273	
Aware Emergency Exercise training exercise \$10,000 YTD Actual more than YTD Budget (Timing Difference)	(6,765)	
Animal Control Expenditure - Less than anticipated		
Education and Welfare - variances below budget expectations		6,732
Education - Depreciation YTD Budget more than YTD Actual (Timing Difference)	1,042	
Community Amenities - variance below budget expectations		28,601
Domestic Refuse collection charges YTD Budget more than YTD Actual (Timing difference)	9,974	
Recycle Domestic Refuse collection charges YTD Budget more than YTD Actual (Timing difference)	9,666	
Refuse site maintenance YTD Budget more than YTD Actual (Timing difference)	8,054	
Recreation and Culture - variance above budget expectations		55,170
Halls - Admin Allocated - YTD Budget more than YTD Actual	663	
Swimming Pool Building Operations YTD Budget more than YTD Actual (Timing Difference) Pool opened 1 Nov 2017	4,180	
Swimming Pool Contract management YTD Budget more than YTD Actuals (Timing Difference) Pool opened 1 Nov 2017	6262	
Memorial Park YTD Budget more than YTD Actuals (Timing difference)	7,939	
Linear Park Grounds Mtce YTD Budget less than YTD Actual higher than full yr budget (Permanent Difference)	(7,131)	
Other Town Parks and Gardens Mtce YTD Budget more than YTD Actual (Timing Difference)	7,992	
Youth Activities YTD Actual less than YTD Budget (Timing Difference)	10,307	
Library - Management Fee - YTD Budget more than YTD Actual (Timing Difference)	8,415	
Economic Services - variance below budget expectations		26,238
Other Economic Services-Depreciation YTD Budget more than YTD Actual (Timing Difference)	2,923	
Other Economic Services-Industrial/Land Develop YTD Budget more than YTD Actual (Timing Difference)	2,625	
Other Economic Services-Other Expenses YTD Budget more than YTD Actual (Timing Difference)	5,912	
Tourism and Area Promotion-Boyagin Development YTD Budget more than YTD Actuals (Timing Difference)	4,165	
Other Property and Services - variance below budget expectations		(11,016)
Public Works Overheads YTD Budget less than YTD Actuals (Timing Difference)	(11,867)	
Plant Op Costs - Fuel and Oil YTD Budget more than YTD Actuals (Timing Difference)	6,548	
Plant Op Costs - Parts and Repairs YTD Budget less than YTD Actual (Timing Difference)	(16,512)	
Plant Op Costs - Depreciation YTD Budget less than YTD Actuals Depreciation will be run/calculated monthly (Timing Difference)	(7,239)	
Gross Salaries and Wages - YTD Budget less than YTD Actuals (Timing Difference)	(21,425)	
Workers Compensation - YTD Budget less than YTD Actuals (Permanent Difference) Nil Budget	(17,305)	

SHIRE OF PINGELLY
FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017
Report on Significant variances Greater than 10% and \$5,000

REPORTABLE NON-CASH VARIATIONS

Nil

REPORTABLE CAPITAL EXPENDITURE VARIATIONS

Purchase of Road Infrastructure Assets

Road Infrastructure YTD Actuals more than YTD Budget (Timing Difference)		343,139
R2R01 Wickepin Pingelly/Chopping Road Failure-project not commenced (Timing Difference)	11,930	
CC118 Review Street And Great Southern Highway-not commenced (Timing Difference)	2,165	
RRG08 Capex - 156 Wickepin Pingelly Rd - Regional Road Group (Timing Difference)	157,399	
RRG09 Yenellin Road Upgrade Rrg (Timing Difference)	169,203	
RRG10 North Bannister Road-project not commenced (Timing Difference)	13,899	
CC156 Pingelly- Wickepin Road - Council Constr-project not commenced (Timing Difference)	3,750	
Capex - 10 Shaddick Rd Realine & Regravel Slk 14.0-17.5 - Crsf Funding Project YTD Actuals higher than		
CRSF3 YTD Budget (Timing Difference)	(222,616)	
CRSF4 10 Shaddick Rd Realine & Regravel - Crsf Funding 2017 2018 (Timing Difference)	85,842	

Purchase of Works in Progress Assets - PRACC

PRACC Project Expenditure YTD Budget more than YTD Actual - (Timing Difference)	505,352
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Purchase of Works in Progress Assets - PAAA

PAAA Project Expenditure YTD Budget less than YTD Actual - (Timing Difference)	(362,027)
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Repayment of Debentures - Variance below budget expectations.

Repayment of Loans - YTD Budget more than YTD Actual (Timing Difference)	8,420
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REPORTABLE CAPITAL REVENUE VARIATIONS

Proceeds from Disposal of Assets

Proceeds from Disposal of 5 Webb St Block YTD Budget more than YTD Actual (Timing Difference)	(7,500)
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Proceeds from New Loans

YTD Budget more than YTD Actual - New Loans for PRACC programmed to be raised in October 2017. (Timing Difference) To be raised in February 2018	(500,000)
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SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

	2017/18 Adopted Budget \$	2017/18 Revised Budget \$	2017/18 YTD Budget \$	November 2017 YTD Actual \$
1. ACQUISITION OF ASSETS				
The following assets have been acquired during the period under review:				
<u>By Program</u>				
Education & Welfare				
<u>Other Aged & Disabled Services</u>				
Capex - Paaa Development	0	0	0	0.00
Capex - Paaa Project Manager	0	0	0	1,169.17
Capex - Paaa Architects & Consultants	23,800	23,800	7,140	17,319.06
Capex - Paaa Building Construction	1,550,548	1,550,548	0	364,988.20
Capex - Paaa Quantity Surveyor	0	0	0	0.00
Capex - Paaa Demolition	0	0	0	0.00
Capex - Paaa Utility Services	24,000	24,000	7,200	0.00
Capex - Paaa Earth Works	0	0	0	16,700.39
Capex - Paaa Carpark & Drainage	0	0	0	0.00
Capex - Paaa Landscaping Soft & Hard	0	0	0	0.00
Capex - Paaa Playground	0	0	0	0.00
Capex - Paaa Opening & Promotion	0	0	0	0.00
Capex - Paaa Fit Out Furniture	0	0	0	0.00
Capex - Paaa Site Works	0	0	0	0.00
Capex - Paaa Landscaping Sensory	100,000	100,000	30,000	6,189.70
Recreation and Culture				
<u>Works in Progress - Recreation Centre</u>				
Capex - Pracc Development	4,500	4,500	1,875	4,480.10
Capex - Pracc Project Manager	105,093	105,093	31,805	73,411.23
Capex - Pracc Architects & Consultants	88,000	88,000	26,400	42,133.16
Capex - Pracc Building Construction	7,179,052	7,179,052	2,153,715	1,554,787.04
Capex - Pracc Quantity Surveyor	0	0	0	0.00
Capex - Pracc Demolition	0	0	0	0.00
Capex - Pracc Utility Services	101,500	101,500	30,450	52.25
Capex - Pracc Earth Works	0	0	0	711.36
Capex - Pracc Carpark And Drainage	95,000	95,000	0	34,292.11
Capex - Pracc Landscaping Soft & Hard	78,000	78,000	0	24,908.46
Capex - Pracc Playground	26,000	26,000	2,445	0.00
Capex - Pracc Opening & Promotion	2,000	2,000	0	0.00
Capex - Pracc Fit Out Furniture	102,000	102,000	0	6,561.82
Capex - Pracc Bowling Green	0	0	0	0.00
Capex - Pracc Gym Equipment	0	0	0	0.00

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

	2017/18 Adopted Budget \$	2017/18 Revised Budget \$	2017/18 YTD Budget \$	November 2017 Actual \$
1. ACQUISITION OF ASSETS (Continued)				
Transport				
<i>Construction - Roads, Bridges, Depots</i>				
Capex - Bridge 1191 - Replace Box	252,000	252,000	126,000	0.00
Capex - 156 Wickepin Pingelly Rd -	251,952	251,952	167,966	10,567.24
Yenellin Road Upgrade Rrg	260,197	260,197	173,462	4,258.64
North Bannister Road	34,657	34,657	14,435	536.00
Wickepin Pingelly/Chopping Road Failure	28,654	28,654	11,930	0.00
Capex - 10 Shaddick Rd Realine &	235,000	235,000	0	222,616.33
10 Shaddick Rd Realine & Regravel - Crsf	300,000	300,000	124,995	39,152.54
Review Street And Great Southern	10,000	10,000	4,165	2,000.00
Capex - Quadrant St Construction	6,000	6,000	2,000	6,381.79
Pingelly- Wickepin Road - Council Constr	9,000	9,000	3,750	0.00
	<u>10,866,953</u>	<u>10,866,953</u>	<u>2,919,733</u>	<u>2,433,432.84</u>
By Class				
Land	0	0	0	0.00
Buildings	0	0	0	0.00
Furniture & Equipment	0	0	0	165.00
Plant & Equipment	0	0	0	0.00
Work in Progress - PPE	0	0	0	0.00
Infrastructure - Roads	1,387,460	1,387,460	628,703	285,563.79
Infrastructure - Footpaths	0	0	0	0.00
Infrastructure - Kerbs & Drains	0	0	0	0.00
Infrastructure - Parks & Ovals	0	0	0	0.00
Infrastructure - Bridges	0	0	0	0.00
Infrastructure - Other	0	0	0	0.00
Works in Progress - Recreation Centre	7,781,145	7,781,145	2,246,690	1,741,337.53
Works in Progress - Aged Care Accommodation	1,698,348	1,698,348	44,340	406,366.52
	<u>10,866,953</u>	<u>10,866,953</u>	<u>2,919,733</u>	<u>2,433,432.84</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

2. DISPOSALS OF ASSETS

The following assets have been disposed of during the period under review:

Asset No	<u>By Program</u>	Written Down Value		Sale Proceeds		Profit(Loss)	
		2017/18 Budget	November 2017 Actual	2017/18 Budget	November 2017 Actual	2017/18 Budget	November 2017 Actual
		\$	\$	\$	\$	\$	\$
1037	Governance						
	5 Webb St (Land)	32,000	0.00	20,000	0.00	(12,000)	0.00
		32,000	0.00	20,000	0.00	(12,000)	0.00

Asset No	<u>By Class of Asset</u>	Written Down Value		Sale Proceeds		Profit(Loss)	
		2017/18 Budget	November 2017 Actual	2017/18 Budget	November 2017 Actual	2017/18 Budget	November 2017 Actual
		\$	\$	\$	\$	\$	\$
1037	Land & Buildings						
	5 Webb St (Land)	32,000	0.00	20,000	0.00	(12,000)	0.00
		32,000	0.00	20,000	0.00	(12,000)	0.00

Summary

Profit on Asset Disposals
Loss on Asset Disposals

2017/18 Adopted Budget	November 2017 Actual
\$	\$
0	0.00
(12,000)	0.00
(12,000)	0.00

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

3. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-17	New Loans		Principal Repayments		Principal Outstanding		Interest Repayments	
		2017/18 Budget \$	2017/18 Actual \$	2017/18 Budget \$	2017/18 Actual \$	2017/18 Budget \$	2017/18 Actual \$	2017/18 Budget \$	2017/18 Actual \$
Education & Welfare									
Loan 120 - SSL Pingelly Cottage Homes	196,207	0	0	14,489	0	181,718	196,207	12,464	(69)
Recreation & Culture									
Loan 123 - Recreation and Cultural Centre	2,332,996	600,000	0	43,971	0	2,289,025	2,332,996	49,110	(267)
Loan 124 - Recreation and Cultural Centre		600,000	0	10,107	0	589,893	0	11,520	0
Loan 125 - Recreation and Cultural Centre		600,000	0	10,107	0	589,893	0	11,520	0
	2,529,203	1,200,000	0	78,674	0	3,650,529	2,529,203	84,614	(336)

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

All other loan repayments were financed by general purpose revenue.

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

	2017/18 Adopted Budget \$	November 2017 Actual \$
4. RESERVES		
Cash Backed Reserves		
(a) Leave Reserve		
Opening Balance	169,097	169,097
Amount Set Aside / Transfer to Reserve	3,456	0
Amount Used / Transfer from Reserve	(60,000)	0
	<u>112,553</u>	<u>169,097</u>
(b) Plant Reserve		
Opening Balance	240,391	240,391
Amount Set Aside / Transfer to Reserve	4,913	0
Amount Used / Transfer from Reserve	0	0
	<u>245,304</u>	<u>240,391</u>
(c) Building and Recreation Reserve		
Opening Balance	284,266	284,266
Amount Set Aside / Transfer to Reserve	29,767	0
Amount Used / Transfer from Reserve	(260,000)	0
	<u>54,033</u>	<u>284,266</u>
(d) Electronic Equipment Reserve		
Opening Balance	6,130	6,130
Amount Set Aside / Transfer to Reserve	5	0
Amount Used / Transfer from Reserve	0	0
	<u>6,135</u>	<u>6,130</u>
(e) Community Bus Reserve		
Opening Balance	11,147	11,147
Amount Set Aside / Transfer to Reserve	15	0
Amount Used / Transfer from Reserve	0	0
	<u>11,162</u>	<u>11,147</u>
(f) Swimming Pool Reserve		
Opening Balance	49,878	49,878
Amount Set Aside / Transfer to Reserve	300	0
Amount Used / Transfer from Reserve	0	0
	<u>50,178</u>	<u>49,878</u>
(g) Joint Venture Housing Reserve		
Opening Balance	51,293	51,293
Amount Set Aside / Transfer to Reserve	318	0
Amount Used / Transfer from Reserve	0	0
	<u>51,611</u>	<u>51,293</u>
Refuse Site Rehab/Closure Reserve		
Opening Balance	15,186	15,186
Amount Set Aside / Transfer to Reserve	28	0
Amount Used / Transfer from Reserve	0	0
	<u>15,214</u>	<u>15,186</u>
Total Cash Backed Reserves	<u><u>546,190</u></u>	<u><u>827,388</u></u>

All of the above reserve accounts are to be supported by money held in financial institutions.

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

	2017/18 Adopted Budget \$	November 2017 Actual \$
4. RESERVES (Continued)		
Cash Backed Reserves (Continued)		
Summary of Transfers To Cash Backed Reserves		
Transfers to Reserves		
Leave Reserve	3,456	0
Plant Reserve	4,913	0
Building and Recreation Reserve	29,767	0
Electronic Equipment Reserve	5	0
Community Bus Reserve	15	0
Swimming Pool Reserve	300	0
Joint Venture Housing Reserve	318	0
Refuse Site Rehab/Closure Reserve	28	0
	<u>38,802</u>	<u>0</u>
Transfers from Reserves		
Leave Reserve	(60,000)	0
Plant Reserve	0	0
Building Reserve	(260,000)	0
Electronic Equipment Reserve	0	0
Community Bus Reserve	0	0
Swimming Pool Reserve	0	0
Joint Venture Housing Reserve	0	0
Refuse Site Rehab/Closure Reserve	0	0
	<u>(320,000)</u>	<u>0</u>
Total Transfer to/(from) Reserves	<u>(281,198)</u>	<u>0</u>

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

Leave Reserve

- to be used to fund annual and long service leave requirements.

Plant Reserve

- to be used for the purchase of major plant.

Building and Recreation Reserve

- to be used to fund the renovation/purchase of Shire of Pingelly buildings and Recreation Infrastructure.

Electronic Equipment Reserve

- to be used to fund the purchase of administration computer system equipment.

Community Bus Reserve

- to be used to fund the change-over of the community bus.

Swimming Pool Reserve

- to be used to fund the upgrading of the swimming pool complex

Joint Venture Housing Reserve

- to be used for the future maintenance of the Joint Venture units

Refuse Site Rehab/Closure Reserve

- to be used to facilitate the rehabilitation/closure of the town refuse site.

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

	2016/17 B/Fwd Per 2017/18 Budget \$	2016/17 B/Fwd Per Financial Report \$	November 2017 Actual \$
5. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	(76,096)	(225,748)	981,148
Cash - Restricted Unspent Grants	926,934	926,934	441,506
Cash - Restricted Unspent Loans	1,903,210	1,903,210	1,795,329
Cash - Restricted Reserves	827,388	827,388	827,388
Receivables (Budget Purposes Only)	0	0	0
Rates Outstanding	153,986	153,986	721,923
Sundry Debtors	601,751	601,751	462,475
Provision for Doubtful Debts	(9,508)	(9,508)	(9,508)
Gst Receivable	100,879	100,879	72,451
Loans - clubs/institutions	0	83,747	0
Accrued Income/Payments In Advance	1,778	1,778	0
Investments	0	0	0
Inventories	2,474	2,474	11,863
	<u>4,432,796</u>	<u>4,366,891</u>	<u>5,304,575</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions (Budget Purposes Only)	0	0	0
Sundry Creditors	(168,302)	(18,650)	(889)
Accrued Interest On Loans	(336)	(336)	0
Accrued Salaries & Wages	(35,071)	(35,071)	0
Income In Advance	0	0	0
Gst Payable	(58,547)	(58,547)	(32,361)
Payroll Creditors	0	0	0
Accrued Expenses	(26,477)	(56,508)	0
PAYG Liability	(34,643)	(34,643)	(53,579)
Other Payables	(3,514)	(3,514)	(3,931)
Current Employee Benefits Provision	(259,672)	(250,326)	(250,326)
Current Loan Liability	(58,460)	(58,460)	(58,460)
	<u>(645,022)</u>	<u>(516,055)</u>	<u>(399,546)</u>
NET CURRENT ASSET POSITION	3,787,774	3,850,836	4,905,029
Less: Cash - Reserves - Restricted	(827,388)	(827,388)	(827,388)
Less: Cash - Unspent Grants/Loans - Fully Restricted	(1,903,210)	(1,903,210)	(1,795,329)
Less: Current Loans - Clubs / Institutions	0	(83,747)	0
Less: Investments	0	0	0
Add Back : Component of Leave Liability not Required to be Funded	259,672	250,326	250,326
Add Back : Current Loan Liability	58,460	58,460	58,460
Adjustment for Trust Transactions Within Muni	0	0	0
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u>1,375,310</u>	<u>1,345,277</u>	<u>2,591,098</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

6. RATING INFORMATION

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2017/18 Rate Revenue \$	2017/18 Interim Rates \$	2017/18 Back Rates \$	2017/18 Total Revenue \$	2017/18 Budget \$
General Rate								
GRV - Residential	0.122533	315	3,087,332	378,300	0	0	378,300	378,300
GRV - Rural Residential	0.122533	68	712,052	87,250	0	0	87,250	87,250
GRV - Commercial/Industrial	0.122533	31	448,114	54,909	0	0	54,909	54,909
GRV - Townsites	0.122533	12	128,439	15,738	0	0	15,738	15,738
UV - Broadacre Rural	0.010704	250	114,659,500	1,227,315	(534)	0	1,226,781	1,224,318
Sub-Totals		676	119,035,437	1,763,512	(534)	0	1,762,978	1,760,515
Minimum Rates	Minimum \$							
GRV - Residential	898	63	144,961	56,574	0	0	56,574	56,574
GRV - Rural Residential	898	21	76,672	18,858	0	0	18,858	18,858
GRV - Commercial/Industrial	898	10	43,695	8,980	0	0	8,980	8,980
GRV - Townsites	898	7	20,271	6,286	0	0	6,286	6,286
UV - Broadacre Rural	898	44	2,493,240	39,512	0	0	39,512	39,512
Sub-Totals		145	2,778,839	130,210	0	0	130,210	130,210
Ex Gratia Rates								
Movement in Excess Rates								
							1,893,188	1,890,725
							219	200
							(24,370)	0
Total Amount of General Rates Specified Area Rates							1,869,037	1,890,925
							0	0
Total Rates							1,869,037	1,890,925

All land except exempt land in the Shire of Pingelly is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2015/16 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also bearing considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

7. TRUST FUNDS

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

Detail	Balance 01-Jul-17 \$	Amounts Received \$	Amounts Paid (\$)	Balance \$
Transport Licensing	0	161,576	(161,576)	0
BCITF Levy	0	0	0	0
Rates	0	0	0	0
Funds Held on Behalf of Groups	40	0	0	40
Unclaimed Monies	100	0	0	100
Builders Registration Board	0	0	0	0
Social Club	0	0	0	0
Nomination Deposits	0	400	(400)	0
Bond Monies (Including Key Deposits)	3,920	3,560	(1,420)	6,060
	<u>4,060</u>	<u>165,536</u>	<u>(163,396)</u>	<u>6,200</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

8. OPERATING STATEMENT

	November 2017 Actual \$	2017/18 Adopted Budget \$	2016/17 Actual \$
OPERATING REVENUES			
Governance	24,542	65,370	73,207
General Purpose Funding	2,194,414	2,559,639	3,742,376
Law, Order, Public Safety	48,475	111,624	103,107
Health	10,756	11,908	11,983
Education and Welfare	293,191	631,390	794,058
Housing	0	0	0
Community Amenities	161,845	163,170	162,643
Recreation and Culture	1,548,208	4,535,396	1,031,664
Transport	599,451	1,746,020	1,548,147
Economic Services	10,926	50,150	35,980
Other Property and Services	31,226	59,000	62,574
TOTAL OPERATING REVENUE	4,923,034	9,933,667	7,565,741
OPERATING EXPENSES			
Governance	231,947	589,754	594,713
General Purpose Funding	74,333	167,704	188,660
Law, Order, Public Safety	89,645	252,396	249,555
Health	50,091	112,480	137,690
Education and Welfare	9,466	48,243	49,969
Housing	0	0	0
Community Amenities	117,725	391,955	457,121
Recreation & Culture	334,315	998,815	1,580,337
Transport	926,653	2,254,150	2,028,955
Economic Services	84,895	285,114	475,991
Other Property and Services	70,884	25,636	65,766
TOTAL OPERATING EXPENSE	1,989,954	5,126,247	5,828,758
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	<u>2,933,080</u>	<u>4,807,420</u>	<u>1,736,983</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

9. STATEMENT OF FINANCIAL POSITION

	November 2017 Actual \$	2016/17 Actual \$
CURRENT ASSETS		
Cash and Cash Equivalents	4,045,371	3,431,783
Investments	5,000	5,000
Trade and Other Receivables	1,261,830	863,376
Inventories	11,863	2,474
Trust at Bank	6,200	4,060
TOTAL CURRENT ASSETS	<u>5,330,264</u>	<u>4,306,693</u>
NON-CURRENT ASSETS		
Other Receivables	233,102	233,102
Inventories	0	0
Property, Plant and Equipment	12,013,389	10,013,560
Infrastructure	71,722,807	71,927,498
TOTAL NON-CURRENT ASSETS	<u>83,969,298</u>	<u>82,174,160</u>
TOTAL ASSETS	<u>89,299,562</u>	<u>86,480,853</u>
CURRENT LIABILITIES		
Trade and Other Payables	90,759	207,269
Long Term Borrowings	58,460	58,460
Provisions	250,326	250,326
Trust Liability	6,200	4,060
TOTAL CURRENT LIABILITIES	<u>405,745</u>	<u>520,115</u>
NON-CURRENT LIABILITIES		
Trade and Other Payables	0	0
Long Term Borrowings	2,470,742	2,470,742
Provisions	65,225	65,225
TOTAL NON-CURRENT LIABILITIES	<u>2,535,967</u>	<u>2,535,967</u>
TOTAL LIABILITIES	<u>2,941,712</u>	<u>3,056,082</u>
NET ASSETS	<u>86,357,850</u>	<u>83,424,771</u>
EQUITY		
Retained Surplus	30,144,963	27,211,884
Reserves - Cash Backed	827,388	827,388
Revaluation Surplus	55,385,499	55,385,499
TOTAL EQUITY	<u>86,357,850</u>	<u>83,424,771</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017

10. FINANCIAL RATIOS

	2018 YTD	2017	2016	2015
Current Ratio	14.58	3.04	1.05	3.89
Operating Surplus Ratio	0.27	(0.62)	(0.72)	(0.47)

The above ratios are calculated as follows:

Current Ratio

$$\frac{(\text{Current Assets MINUS Restricted Assets})}{(\text{Current Liabilities MINUS Liabilities Associated with Restricted Assets})}$$

Purpose:

This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions.

Standards:

The standard is not met if the ratio is lower than 1:1 (less than 100%)

Below Std

The standard is met if the ratio is greater than 1:1 (100% or greater)

Std met

A ratio less than 1:1 means that a local government does not have sufficient assets that can be quickly converted into cash to meet its immediate cash commitments. This may arise from a budget deficit from the past year, a Council decision to operate an overdraft or a decision to fund leave entitlements from next year's revenues.

Operating Surplus Ratio

$$\frac{(\text{Operating Revenue MINUS Operating Expense})}{(\text{Own Source Operating Revenue})}$$

Purpose:

This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.

Standards:

Basic Standard is not met less than < 1% (< 0.01)

Below Std

Basic Standard between 1% and 15% (0.01 and 0.15)

Basic Std

Advanced Standard greater than > 15% (>0.15).

Adv Std

SHIRE OF PINGELLY RESTRICTED CASH RECONCILIATION 30 November 2017							
Restricted Grants/Funds Received	Projects	GL/Job Account	Total Restricted Funds	Actual Expenditure previous year 2015/16	Actual Expenditure previous year 2016/17	Actual Expenditure 2017/18	Restricted Funds Remaining
Health Department (WACHS)-claim 1	Aged Approp Accom Units	0860	272,727.27	5,456.91	197,609.67	69,660.69	0.00
Health Department (WACHS)-claim 2	Aged Approp Accom Units	PAA01	181,818.18	0.00	0.00	181,818.18	0.00
Health Department (WACHS)-claim 3	Aged Approp Accom Units	PAA01	272,727.27	0.00	0.00	154,887.65	117,839.62
Health Department (WACHS)-claim 4	Aged Approp Accom Units	PAA01	272,727.27	0.00	0.00	0.00	272,727.27
Lotterywest Grant-Aged Sensory Space	Aged Approp Accom Units	PAA02	50,000.00	0.00	0.00	0.00	50,000.00
National Stronger Regions Funds claim 1	Recreation & Cultural Centre	11PR/PR01	777,719.00	0.00	777,719.00	0.00	0.00
National Stronger Regions Funds claim 2+Interest	Recreation & Cultural Centre	11PR/PR01	1,472,140.88	0.00	0.00	1,481,202.04	(9,061.16)
Lotterywest Grant \$1,000,000	Recreation & Cultural Centre	11PR/PR02	70,111.00	0.00	0.00	70,111.00	0.00
Dept of Sport & Rec \$350,000	Recreation & Cultural Centre	11PR/PR03	87,500.00	0.00	87,500.00	0.00	0.00
Bendigo Bank-Pingelly Community Financial Service	Recreation & Cultural Centre	11PR/PR04	50,000.00	0.00	0.00	50,000.00	0.00
Pingelly Times	Recreation & Cultural Centre	11PR/PR05	0.00	0.00	0.00	0.00	0.00
Pingelly Development Association	Recreation & Cultural Centre	11PR/PR06	0.00	0.00	0.00	0.00	0.00
Focus Group Grain	Recreation & Cultural Centre	11PR/PR07	0.00	0.00	0.00	0.00	0.00
Contributions Other	Recreation & Cultural Centre	11PR/PR10	1,408.63	0.00	1,408.63	0.00	0.00
CBH Contribution Grass Roots Fund -playground	Recreation & Cultural Centre	11PR/PR11	10,000.00	0.00	0.00	0.00	10,000.00
Forestry Products Commission	Recreation & Cultural Centre	11PR/PR12	20,000.00	0.00	0.00	20,000.00	0.00
Unspent Loan 123 - TD01	Recreation & Cultural Centre	1703	1,008,446.32	0.00	0.00	0.00	1,008,446.32
Unspent Loan 123 - TD01 Funds in Muni Funds	Recreation & Cultural Centre	1703	500,000.00	0.00	161,980.70	54,834.29	283,185.01
Unspent Loan 123 - interest TD01 in Muni	Recreation & Cultural Centre		110,359.46	0.00	45,169.26	65,190.20	0.00
Unspent Loan 123 in Muni Fund -TD02	Recreation & Cultural Centre	1703	500,000.00	0.00	500,000.00	0.00	0.00
Unspent Loan 123 in Muni Fund interest TD02	Recreation & Cultural Centre		20,509.36	0.00	20,509.36	0.00	0.00
Unspent Loan 123 - TD03	Recreation & Cultural Centre	1703	503,697.98	0.00	0.00	0.00	503,697.98
Sub Total					1,840,970.62	2,147,704.05	2,236,835.04
Total Restricted Grant Funds							
Available Cash							Balance
Municipal Bank	Muni Fund Bank	0111	Interest Rate	Term	Maturing		232,948.75
Municipal Bank-National Stronger Regions TD	Muni Fund Bank TD	0111	Variable	Ongoing 1 month	N.A.		1,472,140.88
Municipal Bank	Till Float SES	0112	1.25%		01-Dec-17		50.00
Municipal Bank	Till Float	0113					200.00
Municipal Bank	Petty Cash on hand	0114					500.00
Municipal Term Deposit 155081136	Unspent Loan 123	TD01	1.25%	1 month	30-Dec-17		1,008,446.32
Municipal Term Deposit 160509584	Unspent Loan 123	TD03	1.25%	1 month	30-Dec-17		503,697.98
Total Cash	NB : TD02 as at 30 March 17 brought into Muni funds as spent.						3,217,983.93
Less Restricted Cash	NB : TD01 as at 30 June 17 brought into Muni funds \$500,000 and interest of \$110,359.46 as spent.						(2,236,835.04)
Total Unrestricted Cash							981,148.89

Attachment 4

15.2 Accounts Paid by Authority List of Accounts

