



SHIRE OF HALLS CREEK



ANNUAL REPORT For Year Ended 30 June 2016



This page left blank intentionally

TABLE OF CONTENTS

WHAT IS THE ANNUAL REPORT?	2
1.0 REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER.....	4
2.0 COUNCILLORS AND EXECUTIVE	6
2.1 SHIRE EXECUTIVE	6
2.2 COUNCIL AND COMMITTEE MEETINGS	6
2.3 OUR ELECTED MEMBERS.....	6
2.4 LOCAL GOVERNMENT ELECTIONS.....	6
3.0 YEAR IN REVIEW	8
3.1 STRATEGIC PLANNING.....	8
3.2 HEALTH & REGULATORY SERVICES.....	8
3.3 CORPORATE SERVICES	9
3.4 ASSETS AND INFRASTRUCTURE	10
3.5 OLABUD DOOGETHU.....	11
4.0 PLANNED INITIATIVES AND PROJECTS.....	12
5.0 WORKFORCE.....	13
6.0 STATUTORY REPORTS	14
6.1 NATIONAL COMPETITION POLICY	14
6.2 DISABILITY SERVICES ACT	14
6.3 RECORDS MANAGEMENT AND THE STATE RECORDS ACT 2000	15
6.4 PLANS FOR THE FUTURE.....	16
6.5 EMPLOYEE REMUNERATION INFORMATION	17
6.6 FREEDOM OF INFORMATION STATEMENT	17
6.7 REGISTER OF COMPLAINTS	19
7.0 ANNUAL FINANCIAL REPORT.....	21

What is the Annual Report?

As required by the Local Government Act 1995 and associated regulations the Annual Report for 2015/16 provides an overview of the operations, activities and major projects undertaken by the Shire for that period, and includes major initiatives proposed to commence or continue in the next financial year. The performance of the Council is assessed against the vision, Mission, Strategic Goals, Outcomes and Strategies as set out in the Shire of Halls Creek Strategic Community Plan, and Corporate Business Plan.

These plans provide strategic focus for elected members and the organisation and they affirm our commitments to the community.

Our Vision

The Shire of Halls Creek town and remote communities are economically diverse, caring, and proactive with a strong sense of responsibility and pride.



Remote Aboriginal Communities

Community	Population	Languages Spoken
Balgo Hills	460	Kukatja, Ngardi, Northern Territory languages
Billiluna	144	Kukatja, Eastern Walmajarri, Jaru, Ngardi
Mulan	194	Kukatja, Eastern Walmajarri, Jaru, Ngardi
Ringer Soak	160	Jaru, Kukatja, Ngardi, Northern Territory languages
Warmun	196	Gija
Yiyili		Goonyandi

Contact the Shire

The Shire of Halls Creek

7 Thomas Street, PO Box 21, Halls Creek WA 6770

Phone: (08) 9168 6007 Fax: (08) 9168 6235

Website: www.hallscreek.wa.gov.au Email: hcshire@hcshire.wa.gov.au

Community Aspirations and Values

Aspiration or Value	Benefits
Respect for, and engagement with the traditional owners of the land.	Ensuring pace and level of development impacting Indigenous communities is guided by the Traditional Owners.
Social inclusiveness	Promotes a future for all residents, actively strengthens the social fabric of the community, values diversity and responds to special needs and disadvantage.
Community involvement	Values the contributions of all groups and ages and generates opportunities for active participation by residents in planning and action.
Positive Mindset	Fosters community attitudes that embrace change, proactive 'can do' behaviours, optimism, hopefulness and the belief in the community being architects and builders of their social and economic future.
Respect for the Environment, Cultures and Sustainable Practices	Respects the natural environment, cultures, heritage and town character and commits to ensuring that the needs of the present are met without compromising the ability of future generations to meet their needs.
Access and Equity	Provides all residents with adequate health, educational, learning, housing and recreational opportunities, facilities and programs.
Mutual Responsibility and Respect	Encourages attitudes and behaviours that foster harmony, equity before the law, personal accountability and respect for the ideas, potential and contributions of all residents.
Celebration	Encourages pride and times of celebration relating to the town's heritage, uniqueness, cultures and achievements.
Collaboration, Partnership and Networking	Creating and strengthening stakeholder collaboration, coordination, networking and cross-promotion to ensure maximum positive outcomes for the residents of the town.
Asset and Opportunity Focus	Focussing upon local assets, opportunities and creativity, and building upon and strengthening existing initiatives and groups.
Commitment to Excellence in Performance and Customer Service	Ensuring strong dedication to quality experiences and outstanding customer service where everyone experiences respect, hospitality and friendliness.

1.0 REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

As President for the Shire of Halls Creek, I am pleased provide this report on behalf of both myself and the Chief Executive Officer for the 2016 year.

This year has again seen real progress in many areas throughout the shire, with the completion of a number of projects and the introduction of some exciting new services.

Our Local Planning Strategy has now been endorsed by the West Australian Planning Commission with the whole of the shire now included in the strategy resulting in a more inclusive planning process for the entire shire. Work has also commenced on the review of the Local Planning Scheme which will give effect to the Local Planning Strategy.

Our Shire continues to actively advocate for the sealing of the Tanami road, and we are pleased to advise that in February 2016 this important project has successfully been added to Infrastructure Australia's priority list.

Our town works are progressing well with the Shire completing stage 1 of the Town Streets Renewal Program in early November 2015, and completing the Flood Damage repair project in early June 2016. Both projects have resulted in great infrastructure improvements within and around many areas and streets in the town of Halls Creek.

The Yarliyl Arts Centre has seen the construction of a five bay car park for the convenience of our local residents and the many travellers that visit the centre; this has been complimented by some suitable landscaping and shade sails.

Our parks and ovals continue to improve and create valuable shared spaces within the town. The Wellman Park Playground was officially opened on 4th March 2016 and has been a wonderful success and enjoyed facility for the local children. The Oval reticulation project is also now complete allowing for improved irrigation of the sporting field with the addition of servicing the Aquatic Centre.

In March 2016 the Shire successfully tendered to operate the Licenced Post Office in Halls Creek, with the official opening by Senator Dean Smith together with a representative from Australia Post and the Shire President on the 26th May 2016. The Shire was also pleased to introduce Free public Wi-Fi (Talkabt) near the Travel & Tourism Centre made available from April 2016.

Regular scheduled flights between Halls Creek and Kununurra commenced from 1st July 2016 each Monday, Wednesday and Thursday. This subsidised service is provided through the Department of Transport and Aviair, and connects with domestic services from Kununurra and provides residents of Halls Creek and surrounds with low cost travel from Halls Creek.

We would also like to recognise the shire's staff and various contractors. The Shire of Halls Creek has a modest workforce that facilitates a vast array of services across the shire. All of our staff have played a key role in our progress and achievement over the last 12 months, often with challenging resource constraints, and their efforts in working together to achieve the best outcomes possible for our Shire are appreciated.

The shire will continue to realise the goals outlined in the Strategic Community Plan, and through continued community consultation we will strive to continue to improve our services for the betterment of our community. Please refer to the section titled *upcoming Initiatives* for an overview of the projects the Shire will be commencing or continuing to progress into the ensuing year.

We wish every member of the community well for the coming year and look forward to continuing to build a stronger and better Shire together.



Cr Malcolm Edwards
Shire President



Rodger Kerr-Newell
Chief Executive Officer

2.0 COUNCILLORS AND EXECUTIVE

2.1 Shire Executive

During the 2015/16 period, the Council organisation was led by Chief Executive Officer Mr Rodger Kerr-Newell along with Managers Mr Lloyd Barton (Corporate Services), Ms Bronwyn Little (Strategic Planning), Mr Musa Mono (Health & Environmental Services), Ms Teresa Foster (Finance Services), Ms Margaret Glass (Youth & Community Development), Mr Phil Burgess (Infrastructure Assets), and Ms Heather Perkins and Ms Kellie Gill (Executive Services).

2.2 Council and Committee Meetings

Ordinary meetings of Council are held approximately every third Thursday of the month (except for January), commencing at 11am. All Council and Committee meetings (unless decided otherwise by Council) are open to the public. Special Meetings of Council are held as required.

Council agenda and minutes are available at www.hallscreek.wa.gov.au

2.3 Our Elected Members

The Council of the Shire of Halls Creek consists of seven elected members. Council Ordinary Elections are held in October every second year, and Councillors are appointed for a four year term.

The role of a Councillor is to represent the community, provide leadership and guidance, facilitate communication between community and Council, make decisions on matters before Council, determine Council policy, govern finances and provide forward planning and evaluation of progress.

The shire's Councillors work hard to ensure that the best decisions are made for the future and ongoing progress of the Shire. Following the Council Ordinary elections on the 17th of October 2015, Cr Malcolm Edwards was returned to council along with councillors Trevor Bedford and welcomed Vince Skeen as our newest councillor. The election of the Shire President and Deputy Shire President was held on 19th November where Cr Malcolm Edwards was returned as Shire President and Cr Virginia O'Neil returned as Deputy Shire President. A list of the current elected members for the Shire can be found on the following page.

2.4 Local Government Elections

The next Local Government election will be held on Saturday 21st October 2017.

Shire of Halls Creek Elected Members



Shire President
Cr Malcolm Edwards
Ph: 0488 306 911



Deputy Shire President
Cr Virginia O'Neil
Ph: 0467 766 146



Cr Chris Loessl
Ph: 0417 187 636



Cr Trevor Bedford
Ph: 0437 284 953



Cr Tony Taylor
Ph: 0407 195 185



Cr Patricia McKay
Ph: 0418 877 831



Cr Vincent Skeen
Ph: 0457 347 713

3.0 YEAR IN REVIEW

3.1 Strategic Planning

Strategic Community Plan

With the Strategic community Plan fully operative work continued on the various Integrated planning documents required under the Local Government Act, including the ongoing development of the workforce plan and asset management plans.

Local Planning Strategy

In May 2016 the Local Planning Strategy was endorsed by the West Australian Planning Commission and is now operative. The Strategy covers the whole of the Shire rather than just the town of Halls Creek. It introduces two new zones which provide for pastoral and cultural activities. Work has also begun on the review of the Local Planning Scheme which will reflect and give effect to the Local Planning Strategy.

Tanami upgrade

The Shire has continued to advocate strongly for the sealing of the Tanami Road. In October 2015 the Shire organised a road trip for Senator Dean Smith, WA Minister for Transport Dean Nalder and the NT Minister for Transport Peter Chandler to show them the benefits of sealing the road. Along the way meetings with pastoralists and miners were held as well as with the communities of Balgo, Mulan and Billiluna. The road trip was extremely successful and all those involved gained a much greater understanding of the issues faced by those who rely on the road. In February 2016 the project made it onto Infrastructure Australia's Priority List which will greatly assist the case for gaining Federal funding in the future.

3.2 Health & Regulatory Services

Trachoma Control Programme

The Environmental Health Unit embarked on a programme to control Trachoma in 2011, when it was found that the prevalence of trachoma was on average 16% in the Kutjungka Region and above 30% at Ringer Soak. Working in partnership with the Kimberley Public Health Unit and Community Health at the Hospital, the prevalence of trachoma has been reduce to less than 5% in most of the district, except at Balgo, where the prevalence is still around 10%. Trachoma as a special vertical programme has now ended, and the

control and prevention of Trachoma is now integrated into the Aboriginal Environmental Health Programme.

Waste management

Efforts continue to provide an environmentally friendly waste management system by working towards reducing the amount of waste which ends up buried at the tip. Recycling efforts were boosted at the Shire of Halls Creek Waste Management site by the establishment of a Tip Shop. Besides reducing waste at the tip face, the tip shop is generating some income for the tip and providing odds and ends to residents cheaply. We are looking forward to the purchase of a can crusher and bailer, which we hope will reduce the amount of waste cans and plastic bottles in our environment.

Aboriginal Environmental Health Programme

The Shire has signed a new agreement with the Department of Health to continue providing Environmental Health Services in the district. The 2 year agreement is renewable for a further 2 years, giving a total of 4 years. There will be increased activities in remote and rural communities.

3.3 Corporate Services

Free Wi-Fi

This year has seen the Shire provide Free Public Wi-Fi (Talkabt) made available from April 2016. This service has proved popular with locals and visitors alike and is available from around the vicinity of the Travel & Tourism Centre.

Tourism

The Travel and Tourism Business Plan has now been adopted and will provide a framework for more efficient use of resources while maintaining current service levels. Implementation of projects identified in the Travel and Tourism Plan including a review of inventory to minimise business risk and the development of 'Mothership' Booking Maintenance Service are just a few examples of how the new plan will improve current and future operations.

Regular Passenger Service

Regular scheduled flights between Halls Creek and Kununurra commenced from 1st July 2016 each Monday, Wednesday and Thursday. This subsidized service is provided through the Department of Transport and Aviair, and has the support and promotion of the Shire. There will be 3 types of airfare offered from Halls Creek residents, non-residents and business, State public servants and Remote Air Subsidy (RASS) passengers. This much needed service will connect with

domestic services from Kununurra and provide residents of Halls Creek with low cost travel from Halls Creek, replacing the Kimberley Subsidised Air Service (KSAS) that operated between Halls Creek and Broome.

Post Office

In March 2016 the Shire successfully tendered to operate the Licenced Post Office in Halls Creek after the Council made the decision to keep this vital service in the town. Work on the new post office space next to the Shire Council Chambers began immediately and was completed for the opening on 2nd May 2016. Senator Dean Smith officially opened the post office together with a representative from Australia Post and the Shire President on the 26th May followed by a community celebration.

3.4 Assets and Infrastructure

Flood Damage Works

The flood damage repair project was completed in early June 2016. This work seen some much needed repairs to road formation, the replacement of gravel sheeting, repair of floodways (sealed and unsealed), and restoration of drainage channels. The main locations of the flood works repairs were undertaken on the Duncan Road, Tanami Road, Texas Downs Road, Osmond Downs Road, and Bedford-Lansdowne Road, Halls Creek.

Town Streets Renewal

Stage 1 of the Town Streets Renewal Program was completed in early November 2015. This program covered pre-seal pavement repairs, improved surface drainage, and replacement of broken kerbing, driveways, footpaths, and PMB seal. The location of works was undertaken on Wellman Road, Johnston Avenue, Wilkinson Street, Bridge Street, Egan Street, Roberta Avenue East, Roberta Avenue West, and Darcy Street, Halls Creek.

Roberta Avenue Footpath

Works were completed on Stage 2 of this Black Spot project, including the installation of a footbridge at the creek.

Arts Centre Car Park

The driveway has now been constructed and bitumen laid for visitors to the Art Centre with five car spaces in total (2 disabled and 3 ordinary). The landscaping has included sail cloth to the front and side of the Art centre building. The artist's area also to the side of the building includes a fire pit and there has been zebra rock placed as tables and chairs towards the front of the centre under the sail cloth.

Wellman Road Park

The Wellman Park Playground was erected and has been a huge success with the local children after being officially opened by the Shire President on 4th March 2016. There are modern swings, slides and climbing equipment which is being fully utilised. This project also included replacing the hoops on the basketball court and strengthening the poles.

Oval Irrigation

The Oval Reticulation project was undertaken and completed this year with the addition of a bore and tank at the rear of the oval. This project has improved the watering capacity of the oval where up to 50% of the grounds can now be irrigated simultaneously. The oval irrigation water is sourced from a bore owned and operated by the Shire, with the system also servicing the Aquatic Centre swimming pool.

3.5 Olabud Doogethu

The Shire Youth Services and Diversionary Program underwent a name change in 2016 and is now known as 'Olabud Doogethu'. The program has continued with a focus on working with young people at risk throughout the year, and I am pleased to say that offending rates of our clients has decreased over the past 12 months.

The Shire of Halls Creek Olabud Doogethu Services, East Kimberley Job Pathways and the Kimberley Training Institute engaged ten young clients in a Youth Leadership Program which results in the attainment of a Certificate II in Community Services. This program ran between October 2015 and March 2016 and has seen nine of the ten clients graduate. Four of these young people have now transitioned into the workforce and are still working today.

Olabud Doogethu in partnership with the Halls Creek Local Drug Action Group was the winner of the Western Australian Network of Alcohol & other Drug Agencies *Strong Spirits Strong Mind Awards* in 2016. The group were nominated in the *Innovative and Culturally Secure Aboriginal Alcohol and other Drug Program* for the *Theatre of Transformation* Project.

The Theatre produced a 28 scene-long play entitled 'Night'. The play was written by the young people themselves based on their experiences of life growing up in Halls Creek. The play pulls no punches in terms of content, with issues like drug use, alcohol, racism and domestic violence prevalent throughout its 35 minute duration.

4.0 PLANNED INITIATIVES AND PROJECTS

The Shire of Halls Creek will commence the following programs and initiatives in the 2016/17 financial year.

- Halls Creek Airport reseal
- Town Streets reseal
- Major maintenance and work on the Tanami Road (including the Sturt River Crossing, installation of Grids and re-shaping)
- New section of the Balgo – Mulan Road, approximately 4–5 Kilometres
- Yarliyil Art Centre Landscaping
- Oval reticulation project - new oval bore commissioning for irrigation of oval and swimming pool; and
- Roberta Avenue footpath project
- Road Maintenance on the Duncan Road and Gordon Downs Road
- Town Streets pre-seal
- Refurbishment of the Travel and Tourism Centre
- Refurbishment of the Shire main office reception area and library
- Solar Power installation at the Halls Creek Aquatic and Recreation Centre
- Review of telecommunication services providers

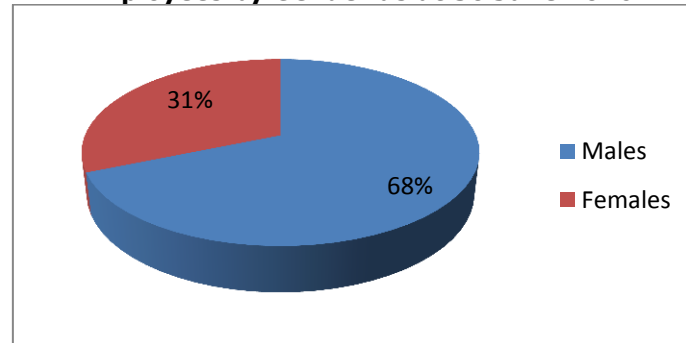


Halls Creek Aquatic & Recreation Centre

5.0 WORKFORCE

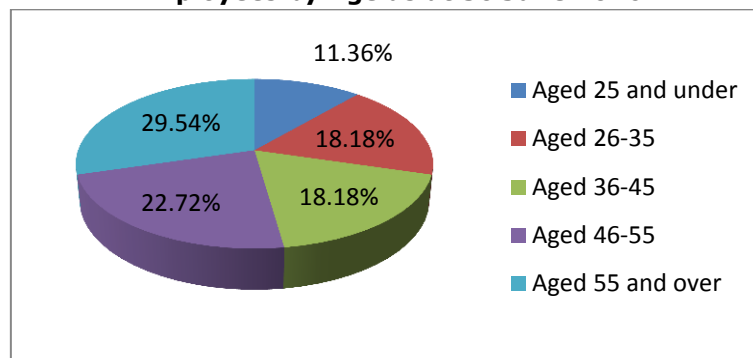
The majority of employees at the Shire of Halls Creek are employed on a full time basis, with almost twice as many males (68%) as females (31%) at 30 June 2016.

Employees by Gender as at 30 June 2016



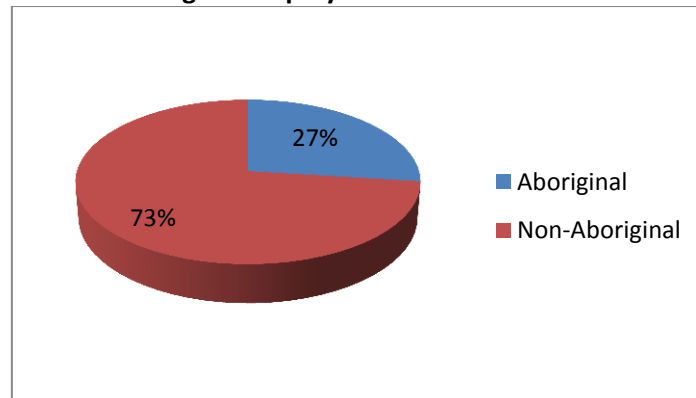
The graph below shows an equal number of employees in the 26-45 age bracket with almost 30% of the workforce aged 55 and over.

Employees by Age as at 30 June 2016



Of the total employees as at June 2016 working at the Shire, a total of around 27% identify as Aboriginal Australians.

Aboriginal Employees as at 30 June 2016



6.0 STATUTORY REPORTS

6.1 National Competition Policy

The National Competition Policy is a set of competition enhancing principles agreed to by the State and Federal Governments in 1995.

The intention of the policy is to promote competition for the benefit of businesses, consumers and the economy by eliminating any advantage received by government as a result of public sector ownership. The result should be a more 'level playing field' between the public and private sectors.

All governments with business activities that generate in excess of \$200,000 per annum of user-pays income must assess these activities and, if necessary, introduce measures to eliminate any net advantages that may have arisen because of the public ownership of the activities.

During 2015-2016 financial year, the Shire of Halls Creek did not have any significant business activities that met this criterion, and is not required to complete this assessment.

The Shire is committed to ensuring full compliance with the principles of the National Competition Policy, and therefore monitors its business activities accordingly.

6.2 Disability Services Act

It is a requirement of the WA Disability Services Act that all local government authorities develop and implement a Disability Access and Inclusion Plan (DAIP) that outlines the ways in which the authority will ensure that people with disabilities have equal access to its facilities and services.

The Shire adopted its first Disability Service Plan (DSP) in December 1995 to address the barriers within the community for people with disabilities and to address its statutory requirements under the WA Disability Services Act (1993).

An updated DSP was developed in 2004 following consultation with the community. In 2008, the Shire undertook to review its DSP, consult with stakeholders and draft a new Disability Access and Inclusion Plan to guide further improvements to access and inclusion and meet the requirements of the amended WA Disability Services Act.

The Shire contracted an independent disability consultancy firm, E-QUAL, to review existing documentation, conduct the consultation and draft a DAIP for the Shire. The Disability Access and Inclusion Draft Plan received input from individuals and groups in the community.

As required by the WA Disability Services Act, the Shire is required to review the progress of the DAIP, to compare proposed outcomes to achievements. This review was completed and submitted to the Disability Services Commission before being endorsed by Council at the Ordinary Council Meeting in November 2013. The next formal review is scheduled for 2017, although reporting on progress is completed annually.

6.3 Records Management and the State Records Act 2000

Records Management and the State Records Act 2000

The Shire of Halls Creek maintains a Record Keeping Plan approved by the State Records Commission, as per the requirements of the State Records Act. It is also a requirement of the Commission that the Shire includes information about the Shire's Records Management in its Annual Report each year.

The State Records Commission approved the Shire's current Recordkeeping Plan in March 2014. The next formal review is scheduled for 2018.

An earlier review identified the need for the Shire to improve the implementation of its Recordkeeping Plan. To this end over the year the Shire has:

- Upskilled staff with training on the Recordkeeping Plan and the use of InfoXpert, the Shire's records and content management software
- Introduced a new keyword structure to our records library. This is based on "Keyword for Councils - A Thesaurus of Local Government Terms" developed by the State Records Authority of New South Wales, which is widely used in Western Australia and the across the eastern seaboard
- Upgraded our file room to improve the level of protection to hard copy files
- Commenced amendments to InfoXpert to bring it into line with revisions to the Local Government General Disposal Authority 2015

This is to be followed by a risk review and its submission to the State Records Commission for approval to move to a fully digital records management system. This will result in the more efficient implementation of the Recordkeeping Plan and address all the weaknesses identified in the review.

6.4 Plans for the Future

Section 5.56 of the Local Government Act 1995 requires the Shire of Halls Creek to make a plan for the future of its district for at least the next two financial years. This plan must outline the broad objectives for the Shire for the given period, and it is a requirement of the Act that the community at large is consulted.

It is also a requirement of the Act that the Annual Report must include an overview of the Plan for the Future.

The 'Halls Creek Community Strategy 2008-2018' was adopted by Council on 17 December 2008. The pathway taken in the development of this Plan for the Future was documented in the Shire's 2008-2009 Annual Report.

In October 2011, the Council adopted the "Shire of Halls Creek Forward Capital Works Plan 2010-2015". This plan detailed the proposed capital works to be carried out by the Shire for the years 2010-2015. This plan is linked back to certain key strategy areas of the existing "Halls Creek Community Strategy 2008-2018".

A new legislative requirement in relation to the Integrated Planning Framework established by the Department of Local Government has since been introduced. In 2013 Council completed a mandatory Strategic Community Plan, Draft Corporate Business Plan, Workforce Plan, Long Term Financial Plan and Asset Management Plan. The Strategic Community was thoroughly reviewed throughout 2014 and early 2015 with a final version adopted in April 2015.

In 2017 the Shire of Halls Creek will focus on a formal review of its Asset Management Plans.

6.5 Employee Remuneration Information

It is a requirement of the Local Government Act 1995, and related Administration Regulations, that the number of employees entitled to an annual salary of \$100,000 or more per annum, are disclosed in the Annual Report in bands of \$10,000. This information is set out below.

Salary Range \$	2015/16	2014/15
100,000 - 110,000	2	1
110,000 - 120,000	3	4
120,000 - 130,000	1	2
130,000 - 140,000	1	0
190,000 - 200,000	1	1

6.6 Freedom of Information Statement

In accordance with Section 96 of the Freedom of Information Act 1992 (FOI Act), local governments are required to publish an annual Freedom of Information Statement.

How to make a Freedom of Information Application to the Shire of Halls Creek:

- Apply in writing to the Chief Executive Officer, who acts as the FOI Coordinator.
- The FOI Coordinator will assist you if necessary. No special forms are required - a letter will do.
- Identify or describe the documents concerned, or if you apply for amendment of personal information about yourself you must provide details to show how or why the agency's records are inaccurate, incomplete, out of date or misleading. If you ask for 'everything' on a particular subject, the Shire may help you narrow the scope of your application to ensure that the work involved is reasonable. Otherwise the Shire may refuse to deal with your application.
- Give an address in Australia where notices can be sent. If possible, include your telephone number/fax number/email address as this will help Shire staff to contact you if necessary, to assist in your application being dealt with efficiently.
- Pay an application fee of A\$30 if the documents contain non-personal information. No fee is payable for access to personal information about yourself.

Costs

No fees or charges apply for personal information or amendment of personal information about yourself (e.g. your medical records; details of employment etc.). Applications for other documents (i.e. which are non-personal in nature) require a \$30 application fee to be paid when the application is lodged, and there may be other charges imposed by the agency as follows:

- \$30 per hour of staff time or pro rata for part of an hour for dealing with an application.
- \$30 per hour (or pro rata for part of an hour) for supervision by staff when access is given to view documents; or the time taken by staff to prepare a transcript from a tape or make photocopies.
- 20 cents per photocopy.
- Actual cost incurred by the agency for preparing a copy of a tape, film or computerised information, or arranging delivery, packaging and postage of documents.

- There are no application fees or charges for internal or external reviews.

You can ask the Shire for an estimate of charges when lodging an application. If the charges are likely to exceed \$25 the agency must give you an estimate of charges and ask whether you want to proceed with the application. You must notify the Shire (within 30 days) of your intention to proceed. In some instances the Shire may request an advance deposit. If you are financially disadvantaged advise the Shire as a 25% reduction of charges may apply.

Reviews

If you disagree with a decision made on your FOI application, you can ask for that decision to be reviewed by someone else in the Shire. You must apply within 30 days of receiving the notice of decision from the Shire.

Within 15 days the Shire will advise you in writing of the outcome of the review, as well as your right to lodge a complaint with the Information Commissioner for an external review of the Shire's decision.

After internal review, if you still disagree with the Shire's decision, you can lodge a complaint with the Information Commissioner. If you make a complaint to the Information Commissioner, the complaint must:

- Be in writing and include your address.
- Give particulars of the decision to be reviewed including details of the part, or parts, of the decision you want the Commissioner to review.

Include a copy of the notice of decision sent to you by the Shire - this is the written notice of decision provided to you following the Shire's internal review.

Summary of FOI Requests received in the Year Ended 30 June 2016

For the year ended 30 June 2016, the Shire of Halls Creek had the following FOI applications:

Number of FOI applications	1
Date of application	14/08/2015
Applicant	Environmental Studies Suncoast Waste Water Management
Nature of application	Study on the change in domestic wastewater treatment over time in Australia, datasets on council approved permits
Action taken	Information provided, action completed.

6.7 Register of Complaints

Section 5.121 requires that a register of all complaints, made in relation to conduct of elected members, be disclosed in the Annual Report.

For the year ended 30 June 2016, the Shire of Halls Creek had the following complaints:

Number of complaints	1
Date of Complaint	11/02/2016
Name of Elected Member	Cr Tony Taylor
Complainant	Mr Lloyd Barton
Nature of Complaint	Anonymous letter containing disparaging comments concerning certain employees
Action taken	Complaint has been referred to the DLG Standards Board; complaint is yet to be resolved.

7.0 Annual Financial Report

The following pages constitute the Shire of Halls Creek Financial Reporting for the year ending 30 June 2016.

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	22
Statement of Comprehensive Income by Nature or Type	23
Statement of Comprehensive Income by Program	24
Statement of Financial Position	25
Statement of Changes in Equity	26
Statement of Cash Flows	27
Rate Setting Statement	28
Notes to and Forming Part of the Financial Report	29
Independent Audit Report	74
Supplementary Ratio Information	76

Principal place of business:
7 Thomas Street
Halls Creek
WA 6770

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

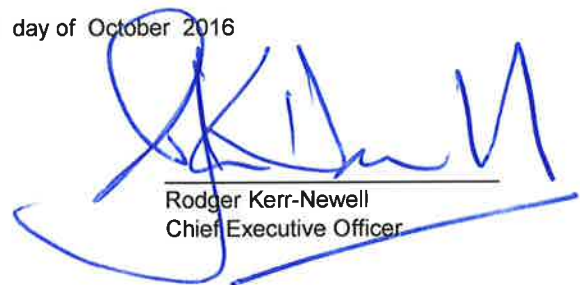
**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the

19 day of October 2016



Rodger Kerr-Newell
Chief Executive Officer

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	21	2,265,463	2,328,407	2,138,612
Operating grants, subsidies and contributions	28	7,886,922	5,446,077	9,005,463
Fees and charges	27	1,451,157	1,362,411	1,231,942
Service charges	24	21,050	18,750	18,700
Interest earnings	2(a)	190,124	230,200	267,700
Other revenue	2(a)	200,976	204,000	106,283
		<u>12,015,692</u>	<u>9,589,845</u>	<u>12,768,700</u>
Expenses				
Employee costs		(4,504,736)	(4,907,870)	(4,357,711)
Materials and contracts		(6,271,916)	(5,196,160)	(5,011,918)
Utility charges		(511,674)	(367,650)	(419,634)
Depreciation on non-current assets	2(a)	(5,332,208)	(3,583,928)	(3,352,410)
Interest expenses	2(a)	(88,726)	(84,407)	(82,559)
Insurance expenses		(348,684)	(334,059)	(483,720)
Other expenditure		(360,478)	(390,168)	(296,931)
		<u>(17,418,422)</u>	<u>(14,864,242)</u>	<u>(14,004,883)</u>
		(5,402,730)	(5,274,397)	(1,236,183)
Non-operating grants, subsidies and contributions	28	2,071,436	2,034,609	5,684,797
Profit on asset disposals	20	1,818	1,818	0
(Loss) on asset disposals	20	(30,830)	(28,803)	(473,120)
Net result		<u>(3,360,306)</u>	<u>(3,266,773)</u>	<u>3,975,494</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	8,486,526	0	59,011,855
Total other comprehensive income		<u>8,486,526</u>	<u>0</u>	<u>59,011,855</u>
Total comprehensive income		<u><u>5,126,220</u></u>	<u><u>(3,266,773)</u></u>	<u><u>62,987,349</u></u>

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

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue	2(a)			
Governance		5,455	5,000	0
General purpose funding		4,538,574	4,661,423	8,787,680
Law, order, public safety		43,629	52,500	49,750
Health		194,344	188,804	435,674
Education and welfare		1,300,954	1,208,937	1,061,093
Housing		180,498	176,701	163,609
Community amenities		513,866	413,400	372,720
Recreation and culture		241,636	258,678	272,625
Transport		3,766,425	1,708,303	637,937
Economic services		695,137	566,700	407,171
Other property and services		535,174	349,399	580,441
		<u>12,015,692</u>	<u>9,589,845</u>	<u>12,768,700</u>
Expenses	2(a)			
Governance		(626,712)	(575,400)	(723,348)
General purpose funding		(276,888)	(530,029)	(583,180)
Law, order, public safety		(404,903)	(444,994)	(432,200)
Health		(678,368)	(618,681)	(703,200)
Education and welfare		(1,247,584)	(1,236,023)	(1,095,698)
Housing		(1)	(92,646)	(83,976)
Community amenities		(1,346,261)	(1,437,912)	(1,232,212)
Recreation and culture		(2,154,879)	(2,447,870)	(2,283,284)
Transport		(8,565,820)	(5,225,888)	(4,536,553)
Economic services		(1,364,668)	(1,237,290)	(1,050,437)
Other property and services		(663,612)	(933,102)	(1,198,236)
		<u>(17,329,696)</u>	<u>(14,779,835)</u>	<u>(13,922,324)</u>
Finance costs	2(a)			
Housing		(88,445)	(84,055)	(81,012)
Other property and services		(281)	(352)	(1,547)
		<u>(88,726)</u>	<u>(84,407)</u>	<u>(82,559)</u>
		<u>(5,402,730)</u>	<u>(5,274,397)</u>	<u>(1,236,183)</u>
Non-operating grants, subsidies and contributions	28	2,071,436	2,034,609	5,684,797
Profit on disposal of assets	20	1,818	1,818	0
(Loss) on disposal of assets	20	(30,830)	(28,803)	(473,120)
Fair value adjustments to financial assets at				
Net result		<u>(3,360,306)</u>	<u>(3,266,773)</u>	<u>3,975,494</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	8,486,526	0	59,011,855
Total other comprehensive income		<u>8,486,526</u>	<u>0</u>	<u>59,011,855</u>
Total comprehensive income		<u><u>5,126,220</u></u>	<u><u>(3,266,773)</u></u>	<u><u>62,987,349</u></u>

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

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

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,393,612	10,243,081
Trade and other receivables	4	1,268,668	1,010,927
Inventories	5	173,453	334,426
TOTAL CURRENT ASSETS		6,835,733	11,588,434
NON-CURRENT ASSETS			
Property, plant and equipment	6	39,190,921	37,237,453
Infrastructure	7	75,369,619	68,710,340
TOTAL NON-CURRENT ASSETS		114,560,540	105,947,793
TOTAL ASSETS		121,396,273	117,536,227
CURRENT LIABILITIES			
Trade and other payables	8	1,024,108	2,296,440
Current portion of long term borrowings	9	69,895	76,114
Provisions	10	693,790	635,655
TOTAL CURRENT LIABILITIES		1,787,793	3,008,209
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,044,528	1,113,460
Provisions	10	113,029	89,855
TOTAL NON-CURRENT LIABILITIES		1,157,557	1,203,315
TOTAL LIABILITIES		2,945,350	4,211,524
NET ASSETS		118,450,923	113,324,703
EQUITY			
Retained surplus		34,142,012	37,022,526
Reserves - cash backed	11	4,099,754	4,579,546
Revaluation surplus	12	80,209,157	71,722,631
TOTAL EQUITY		118,450,923	113,324,703

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		33,253,481	4,373,097	12,710,776	50,337,354
Comprehensive income					
Net result		3,975,494	0	0	3,975,494
Changes on revaluation of assets	12	0	0	59,011,855	59,011,855
Total comprehensive income		3,975,494	0	59,011,855	62,987,349
Transfers from/(to) reserves		(206,449)	206,449	0	0
Balance as at 30 June 2015		37,022,526	4,579,546	71,722,631	113,324,703
Comprehensive income					
Net result		(3,360,306)	0	0	(3,360,306)
Changes on revaluation of assets	12	0	0	8,486,526	8,486,526
Total comprehensive income		(3,360,306)	0	8,486,526	5,126,220
Transfers from/(to) reserves		479,792	(479,792)	0	0
Balance as at 30 June 2016		34,142,012	4,099,754	80,209,157	118,450,923

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,132,239	2,258,954	2,320,934
Operating grants, subsidies and contributions		7,742,728	5,446,077	9,114,283
Fees and charges		1,451,157	1,768,229	1,231,942
Service charges		21,050	18,750	15,579
Interest earnings		190,124	230,200	280,040
Goods and services tax		1,021,597	0	698,492
Other revenue		200,976	204,000	106,283
		<u>12,759,871</u>	<u>9,926,210</u>	<u>13,767,553</u>
Payments				
Employee costs		(4,439,340)	(4,930,493)	(4,173,978)
Materials and contracts		(7,367,362)	(5,882,127)	(3,510,036)
Utility charges		(511,674)	(367,650)	(419,634)
Interest expenses		(88,726)	(84,407)	(69,033)
Insurance expenses		(348,684)	(334,059)	(483,720)
Goods and services tax		(1,001,920)	6,049	(839,664)
Other expenditure		(360,478)	(390,168)	(271,538)
		<u>(14,118,184)</u>	<u>(11,982,854)</u>	<u>(9,767,603)</u>
Net cash provided by (used in) operating activities	13(b)	<u>(1,358,313)</u>	<u>(2,056,645)</u>	<u>3,999,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,783,160)	(3,329,012)	(3,892,065)
Payments for construction of infrastructure		(2,731,280)	(2,542,485)	(2,137,544)
Non-operating grants, subsidies and contributions		2,071,436	2,034,609	5,684,797
Proceeds from sale of fixed assets		26,999	27,000	0
Net cash provided by (used in) investment activities		<u>(3,416,005)</u>	<u>(3,809,888)</u>	<u>(344,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(75,151)	(76,114)	(66,590)
Net cash provided by (used in) financing activities		<u>(75,151)</u>	<u>(76,114)</u>	<u>(66,590)</u>
Net increase (decrease) in cash held		(4,849,469)	(5,942,647)	3,588,553
Cash at beginning of year		10,243,081	10,149,353	6,654,528
Cash and cash equivalents at the end of the year	13(a)	<u><u>5,393,612</u></u>	<u><u>4,206,707</u></u>	<u><u>10,243,081</u></u>

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

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

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus		<u>4,712,448</u> 4,712,448	<u>4,717,648</u> 4,717,648	<u>3,023,005</u> 3,023,005
Revenue from operating activities (excluding rates)				
Governance		5,455	5,000	0
General purpose funding		2,273,111	2,318,016	6,649,068
Law, order, public safety		43,629	52,500	49,750
Health		194,344	188,804	435,674
Education and welfare		1,300,954	1,208,937	1,061,093
Housing		180,498	176,701	163,609
Community amenities		513,866	413,400	372,720
Recreation and culture		241,636	258,678	272,625
Transport		3,766,425	1,708,303	637,937
Economic services		695,137	566,700	407,171
Other property and services		<u>536,992</u>	<u>351,217</u>	<u>580,441</u>
		9,752,047	7,248,255	10,630,088
Expenditure from operating activities				
Governance		(626,712)	(575,400)	(723,348)
General purpose funding		(276,888)	(530,029)	(583,180)
Law, order, public safety		(404,903)	(444,994)	(432,200)
Health		(678,368)	(618,681)	(703,200)
Education and welfare		(1,247,584)	(1,236,023)	(1,095,698)
Housing		(88,446)	(176,701)	(638,108)
Community amenities		(1,346,261)	(1,437,912)	(1,232,212)
Recreation and culture		(2,154,879)	(2,447,870)	(2,283,284)
Transport		(8,565,820)	(5,225,888)	(4,536,553)
Economic services		(1,364,668)	(1,237,290)	(1,050,437)
Other property and services		<u>(694,723)</u>	<u>(962,257)</u>	<u>(1,199,783)</u>
		(17,449,252)	(14,893,045)	(14,478,003)
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(1,818)	(1,818)	0
Loss on disposal of assets	20	30,830	28,803	473,120
Assets written off		0	0	25,393
Movement in employee benefit provisions		81,309	0	165,672
Depreciation and amortisation on assets	2(a)	<u>5,332,208</u>	<u>3,583,928</u>	<u>3,352,410</u>
Amount attributable to operating activities		2,457,772	683,771	3,191,685
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,071,436	2,034,609	5,684,797
Proceeds from disposal of assets	20	26,999	27,000	0
Purchase of property, plant and equipment	6(b)	(2,783,160)	(3,329,012)	(3,892,065)
Purchase and construction of infrastructure	7(b)	<u>(2,731,280)</u>	<u>(2,542,485)</u>	<u>(2,137,544)</u>
Amount attributable to investing activities		(3,416,005)	(3,809,888)	(344,812)
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(75,151)	(76,114)	(66,590)
Transfers to reserves (restricted assets)	11	(262,176)	(268,144)	(397,281)
Transfers from reserves (restricted assets)	11	<u>741,968</u>	<u>1,141,968</u>	<u>190,832</u>
Amount attributable to financing activities		404,641	797,710	(273,039)
Surplus(deficiency) before general rates		<u>(553,592)</u>	<u>(2,328,407)</u>	<u>2,573,834</u>
Total amount raised from general rates	21	<u>2,265,463</u>	<u>2,328,407</u>	<u>2,138,612</u>
Net current assets at June 30 c/fwd - surplus		<u><u>1,711,871</u></u>	<u><u>0</u></u>	<u><u>4,712,448</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Property, Plant and Equipment

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years

Infrastructure

Subgrade	not depreciated
Basecourse Unsealed	10 years
Basecourse Sealed	40 years
Reseal	15 years
Asphalt	25 years
Sand Seal	5 years
Culverts	80 years
Stock Grids	80 years
Footpaths Concrete	40 years
Footpaths Slabs	30 Years
Footpaths Gravel	10 years
Floodways Unsealed	10 years
Floodways Sealed	30 Years
Floodways Concrete	80 years

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

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

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

Capitalisation threshold

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

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

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

Notes:

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

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

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

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
Audit of the Annual Financial Report	33,958	34,488
Acquittals Audits	13,860	11,385
Other Services	3,388	5,855
Depreciation		
Buildings	859,113	769,626
Furniture and equipment	28,252	26,415
Plant and equipment	211,975	197,792
Infrastructure - roads	3,883,451	2,154,762
Infrastructure - other	349,417	203,815
	<u>5,332,208</u>	<u>3,352,410</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	88,726	82,559
	<u>88,726</u>	<u>82,559</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	58,419	92,848
Other	142,557	13,435
	<u>200,976</u>	<u>106,283</u>
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	105,048	120,000
- Other funds	38,705	80,000
Other interest revenue (refer note 26)	46,371	30,200
	<u>190,124</u>	<u>230,200</u>
	2015	
	Actual	
	\$	
		133,072
		69,854
		64,774
		<u>267,700</u>

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Vision for the Shire of Halls Creek is that the town and remote communities are economically diverse, caring and proactive with a strong sense of responsibility and pride.

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

GOVERNANCE

Objective:

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

Activities:

Administration and operation of facilities and services to members of Council; Other costs relating to tasks of assisting elected members and ratepayers on matters which do not concern specific services.

GENERAL PURPOSE FUNDING

Objective:

To provide adequate funding for the Shire's operation by maximising income from Rates, general purpose purpose government grants, interest and other sources of revenue.

Activities:

Raising of rates, collection of debts, general purpose funding and other funding activities.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

Objective:

To provide an operational framework for good community health.

Activities:

Aboriginal Environmental Health Program - This scheme is part funded by the Health Department of WA, with the main aim being to ensure the delivery of environmental health services to Aboriginal communities, addressing specific needs and requirements of such communities.

Health Admin & Inspection - Expenditure related to the general administration and delivery of environmental services such as food inspections, issuing of licences such as stall-holder and hawker licences, and the general administration role as required by the Shire in accordance with the Health Act.

Pest Control and Analytical - Allocation to enable the Environmental Health Officer to undertake food sampling and other testing with relevant testing authorities in Perth. Allocation also for actions required for mosquito control.

EDUCATION AND WELFARE

Objective:

The Shire of Halls Creek Olabud Doogethu service is a collaborative partnership with the Department of Prime Minister and Cabinet that focuses on ensuring Indigenous Australians grow up and live their lives in a safe home and community, Department of Corrective Services and the Department of Child Protection and Family Support.

Activities:

Focuses on "breaking the cycle" for at-risk Aboriginal young people - ensuring they have a safe environment in which to make positive life choices.

HOUSING

Objective:

Provision of adequate housing for Shire staff.

Activities:

Maintenance and operations of staff housing, capital repairs and maintenance, as well as new construction.

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

Provide services required by the community.

Activities:

Refuse collection services and refuse site maintenance, administration of the Shire's Town Planning function, maintenance and management of the Shire's Cemetery, public conveniences and certain community development projects.

RECREATION AND CULTURE

Objective:

To establish and manage efficiently infrastructure and resources which will help the social development and well being of the community.

Activities:

Maintenance and operation of Civic Halls, Sports Courts, Oval, Aquatic & Recreation Centre, Library, Rebroadcasting services and the culture background of Halls Creek such as the Trackers Hut.

TRANSPORT

Objective:

To provide safe, effective transport services to the community.

Activities:

Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and the operation of the airport.

ECONOMIC SERVICES

Objective:

To help promote the Shire and improve its economic well being.

Activities:

Travel & Tourism & Area Promotion, Building Control, Post Office services and Economic Development.

OTHER PROPERTY AND SERVICES

Activities:

Public Works Overheads - All costs associated with the employment of Works staff are assigned to this sub-program and are then re-allocated to the relevant programme during the course of the year through overheads recovery.

Plant Operation Costs - All costs associated with the operation of Council's plant fleet are assigned to this sub program, and throughout the year are reallocated to relevant work jobs on which the plant worked, to obtain accurate costs of that job. Items of plant which determine actual costs. Costs include fuels, oils, repairs and depreciation.

Salaries & Wages - This sub Programme identifies the total salaries and wages costs expected for the year and these are also reallocated throughout all sub Programmes during the financial year to reflect true costs.

Integrated Planning - The framework ensures all of the Shire's strategic planning policies are aligned and conform with the requirements of the Local Government Act. The five strategies, which form the framework must be regularly reviewed and the outcomes monitored annually.

Misc./Unclassified - This sub programme records both income and expense for goods/services that cannot be allocated to a particular job or program.

Administration - All costs associated with the Shire's Administration, including staff, are assigned to this program. They are then re-allocated to the relevant programs to represent the administrative cost of that program/sub program.

Yarliyil - All costs associated with the running of the Arts Centre.

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

2. REVENUE AND EXPENSES (Continued)**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance ⁽¹⁾ 30/06/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance 30/06/16 \$
Operating Grants								
DIA - Establishment Aboriginal Advisory Committee	Governance	178,581	0	(178,581)	0	0		0
Dept Health - Indigenous Animal Project	Law ,Order Public Safety	70,618	0	(55,672)	14,946	0	(14,946)	0
Dept Health - AEHO Contribution	Health Services	0	175,904	(175,904)	0	183,996	(183,996)	0
Dept Health - Trachoma Program	Health Services	17,130	237,661	(54,791)	200,000	0	(200,000)	0
DCS - Younth divrsion Program	Education & Welfare	0	250,084	(250,084)	0	254,836	(254,836)	0
DCP - Youth Diversion Program	Education & Welfare	0	137,766	(137,766)	0	140,878	(140,878)	0
DPMC - Youth Diversion Program	Education & Welfare	0	204,841	(204,841)	0	851,406	(851,406)	0
DPMC - Youth Hub	Education & Welfare	48,804	0	(48,804)	0	0	0	0
Dept Sports & Rec - Halls Creek Sport & Fitness Gym	Education & Welfare	0	0	0	0	40,000	(16,200)	23,800
Dept Sports & Rec Grant - Aquatic Centre Grang	Recreation & Culture	0	30,000	(30,000)	0	32,000	(32,000)	0
Dept Sports & Rec Grant - Halls creek Mountain Bike Forum	Recreation & Culture	0	0	0	0	5,000	0	5,000
Dept Sports & Rec Grant - Sport 4 all KidSport	Recreation & Culture	0	0	0	0	6,500	0	6,500
MRWA - Direct Grant	Transport	0	143,500	(143,500)	0	156,000	(156,000)	0
MRWA - Street Lighting	Transport	0	3,533	(3,533)	0	0	0	0
MRWA - Flood Damage Claim	Transport	0	480,294	(480,294)	0	3,321,810	(3,321,810)	0
DOA - Cattlemen's Association	Economic Services	14,774	14,047	(28,821)	0	0	0	0
WA Tourism - Regional Visitor Centre Sustainability	Economic Services	0	0	0	0	12,310	(12,310)	0
RAAP - Ringer Soak Airport Project	Other Property Services	140,000	87,701	(227,701)	0	0	0	0
RAAP - Wamum Airstrip Project	Other Property Services	50,000	0	(50,000)	0	0	0	0
Dept of Planning - Local Planning Strategy Review	Intergrated Planning	0	0	0	0	44,763	(44,763)	0
KDC - Marketing Project	Yarliylil	2,796	0	(2,796)	0	0	0	0
KDC - Financial Sustainability and Business Plan	Yarliylil	0	0	0	0	19,120	(19,120)	0
OFTA - Yarliylil Art centre Operations	Yarliylil	0	100,000	(100,000)	0	100,000	(100,000)	0
OFTA - Yarliylil National Jobs Program	Yarliylil	0	32,144	(32,144)	0	66,430	(33,215)	33,215
Total Operating Grants		522,703	1,897,475	(2,205,232)	214,946	5,235,049	(5,381,480)	68,515
Non-Operating Grants								
RDL - Royalties for Regions Staff Housing	Staff housing	323,085	3,072,128	(2,238,546)	1,156,667	0	(1,156,667)	0
Health Dept - Equipment Purchases	Health Services	0	0	0	0	74,000	0	74,000
DCP - Youth Diversion Program Capital	Education & Welfare	0	0	0	0	50,000	(50,000)	0
Dept Sports & Rec - Oval Irrigation	Recreation & Culture	0	0	0	0	32,986	(32,986)	0
Lotteries West - Cemetery Toilets & Gazebo	Community Amenities	0	0	0	0	71,195	(71,195)	0
Remote Access FAG - Remote Access Roads	Transport	0	320,000	(320,000)	0	234,000	(162,000)	72,000
Main Roads WA - Remote Access Roads	Transport	0	79,000	(79,000)	0	142,000	(106,000)	36,000
Main Roads WA - Blackspot	Transport	0	133,916	(82,053)	51,863	117,478	(169,341)	0
Roads to Recovery - General	Transport	0	695,000	(695,000)	0	1,235,004	(1,235,004)	0
Main Roads WA - Regional Road Group	Transport	0	521,000	(521,000)	0	261,973	(261,973)	0
RAAP - Airstrip Lighting	Transport	38,000	78,575	(116,575)	0	0	0	0
KDC - Yarliylil Arts Centre Construction	Other Property Services	397,895	200,000	(597,895)	0	0	0	0
Lotteries West - Yarliylil Arts Centre Construction	Other Property Services	0	483,178	(483,178)	0	0	0	0
SOHC - Yarliylil Arts Centre Construction	Other Property Services	178,000	0	(178,000)	0	0	0	0
Royalties For Regions - Yarliylil Arts Centre Landcaping	Other Property Services	0	100,000	0	100,000	100,000	(200,000)	0
Total Non-Operating Grants		936,980	5,682,797	(5,311,247)	1,308,530	2,318,636	(3,445,166)	182,000
Total		1,459,683	7,580,272	(7,516,479)	1,523,476	7,553,685	(8,826,646)	250,515

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,043,343	4,140,059
Restricted		4,350,269	6,103,022
		<u>5,393,612</u>	<u>10,243,081</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	448,379	306,602
Plant reserve	11	1,677,952	1,634,523
Refuse site rehabilitation reserve	11	10,081	0
Computer upgrade	11	15,472	15,072
Office redevelopment	11	617,751	601,762
Airport operating	11	551,830	537,547
Staff housing	11	356,810	1,081,014
Aquatic centre	11	273,513	266,434
TV rebroadcasting	11	61,159	52,032
Energy developments community	11	86,807	84,560
Unspent grants	2(c)	250,515	1,523,476
		<u>4,350,269</u>	<u>6,103,022</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		585,803	452,579
Sundry debtors		628,993	464,050
GST receivable		182,882	202,559
Accrued Interest		30,018	5,364
Less provision for doubtful debts		(159,028)	(113,625)
		<u>1,268,668</u>	<u>1,010,927</u>
5. INVENTORIES			
Current			
Stores and materials - at cost		173,453	334,426
		<u>173,453</u>	<u>334,426</u>

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

	2016 \$	2015 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	5,142,000	5,142,000
- Additions after valuation - cost	10,372	10,372
	<u>5,152,372</u>	<u>5,152,372</u>
	<u>5,152,372</u>	<u>5,152,372</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	11,986,680	11,986,680
- Independent valuation 2014 - level 3	5,536,743	5,536,743
- Additions after valuation - cost	6,299,066	1,597,313
Less Accumulated Depreciation	<u>(1,124,425)</u>	<u>(502,086)</u>
	22,698,064	18,618,650
Buildings - specialised at:		
- Independent valuation 2014 - level 3	9,673,131	9,673,131
- Additions after valuation - cost	18,750	0
Less Accumulated Depreciation	<u>(473,734)</u>	<u>(236,960)</u>
	9,218,147	9,436,171
	<u>31,916,211</u>	<u>28,054,821</u>
Total land and buildings	<u>37,068,583</u>	<u>33,207,193</u>
Furniture and equipment at:		
- Management valuation 2013- level 3	0	95,819
- Independent valuation 2016 level 3	122,600	0
- Management valuation 2016 - level 3	17,784	0
- Additions after valuation - cost	0	45,282
Less accumulated depreciation	<u>0</u>	<u>(43,039)</u>
	140,384	98,062
Plant and equipment at:		
- Management valuation 2013- level 2	0	1,322,141
- Management valuation 2013- level 3	0	285,663
- Independent valuation 2016 level 2	1,737,500	0
- Independent valuation 2016 level 3	52,050	0
- Additions after valuation - cost	0	375,023
Less accumulated depreciation	<u>0</u>	<u>(382,800)</u>
	1,789,550	1,600,027
Work In progress at:		
Cost	<u>192,404</u>	<u>2,332,171</u>
	192,404	2,332,171
	<u>39,190,921</u>	<u>37,237,453</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.

Annual Report - Adopted 17 November 2016
SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	5,152,372	0	0	0	0	0	0	0	5,152,372
Total land	5,152,372	0	0	0	0	0	0	0	5,152,372
Buildings - non-specialised	18,618,650	2,452,938	0	0	0	0	(622,339)	2,248,815	22,698,064
Buildings - specialised	9,436,171	18,750	0	0	0	0	(236,774)	0	9,218,147
Total buildings	28,054,821	2,471,688	0	0	0	0	(859,113)	2,248,815	31,916,211
Total land and buildings	33,207,193	2,471,688	0	0	0	0	(859,113)	2,248,815	37,068,583
Furniture and equipment	98,062	56,901	(5,952)	19,625	0	0	(28,252)	0	140,384
Plant and equipment	1,600,027	145,523	(50,059)	306,034	0	0	(211,975)	0	1,789,550
Work In progress	2,332,171	109,048	0	0	0	0	0	(2,248,815)	192,404
Total property, plant and equipment	37,237,453	2,783,160	(56,011)	325,659	0	0	(1,099,340)	0	39,190,921

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2014	Price per hectare / Available market information
Buildings - non-specialised	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2014	Price per square metre
Buildings - non-specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2014	Improvements to land using construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2014	Improvements to land using construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
- Independent valuation 2016	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2016	Market price per item
- Independent valuation 2016	3	Cost approach using depreciated replacement cost	Independent registered valuer	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 HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	2016 \$	2015 \$
7 (a). INFRASTRUCTURE		
Infrastructure - roads		
- Management valuation 2015 - level 3	0	107,897,149
- Management valuation 2016 - level 3	72,003,450	0
Less accumulated depreciation	<u>0</u>	<u>(42,902,395)</u>
	72,003,450	64,994,754
Infrastructure - other		
- Independent valuation 2015 - level 3	8,056,000	8,056,000
Less accumulated depreciation	<u>(4,730,617)</u>	<u>(4,381,200)</u>
	3,325,383	3,674,800
Work In Progress		
Cost	<u>40,786</u>	<u>40,786</u>
	40,786	40,786
	<u>75,369,619</u>	<u>68,710,340</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 HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

7. INFRASTRUCTURE (Continued)**(b) Movements in Carrying Amounts**

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	64,994,754	2,731,280	0	8,160,867	0	0	(3,883,451)	0	72,003,450
Infrastructure - other	3,674,800	0	0	0	0	0	(349,417)	0	3,325,383
Work In Progress	40,786	0	0	0	0	0	0	0	40,786
Total infrastructure	68,710,340	2,731,280	0	8,160,867	0	0	(4,232,868)	0	75,369,619

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

7. INFRASTRUCTURE (Continued)**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Construction and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

	2016 \$	2015 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	847,203	2,103,622
Accrued expenses	106,691	118,255
ATO liabilities	70,214	74,563
	<u>1,024,108</u>	<u>2,296,440</u>

9. LONG-TERM BORROWINGS

Current

Secured by floating charge

Debentures

69,895	76,114
<u>69,895</u>	<u>76,114</u>

Non-current

Secured by floating charge

Debentures

1,044,528	1,113,460
<u>1,044,528</u>	<u>1,113,460</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave and TIL \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	553,568	82,087	635,655
Non-current provisions	0	89,855	89,855
	<u>553,568</u>	<u>171,942</u>	<u>725,510</u>
Additional provision	54,508	26,801	81,309
Balance at 30 June 2016	<u>608,076</u>	<u>198,743</u>	<u>806,819</u>
Comprises			
Current	608,076	85,714	693,790
Non-current	0	113,029	113,029
	<u>608,076</u>	<u>198,743</u>	<u>806,819</u>

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

11 RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	306,602	141,777	0	448,379	306,602	141,665	0	448,267	296,866	9,736	0	306,602
Plant reserve	1,634,523	43,429	0	1,677,952	1,634,523	42,830	(400,000)	1,277,353	1,582,621	51,902	0	1,634,523
Computer upgrade	15,072	400	0	15,472	15,072	395	0	15,467	14,593	479	0	15,072
Office redevelopment	601,762	15,989	0	617,751	601,762	15,768	0	617,530	582,654	19,108	0	601,762
Airport operating	537,547	14,283	0	551,830	537,547	14,086	0	551,632	394,199	259,923	(116,575)	537,547
Staff housing	1,081,014	17,764	(741,968)	356,810	1,081,014	28,326	(741,968)	367,373	1,046,688	34,326	0	1,081,014
Aquatic centre	266,434	7,079	0	273,513	266,434	6,982	0	273,416	257,974	8,460	0	266,434
TV rebroadcasting	52,032	9,127	0	61,159	52,032	5,876	0	57,908	43,728	8,304	0	52,032
Energy developments community	84,560	2,247	0	86,807	84,560	2,216	0	86,776	153,774	5,043	(74,257)	84,560
Refuse site rehabilitation reserve	0	10,081	0	10,081	0	10,000	0	10,000	0	0	0	0
	<u>4,579,546</u>	<u>262,176</u>	<u>(741,968)</u>	<u>4,099,754</u>	<u>4,579,546</u>	<u>268,144</u>	<u>(1,141,968)</u>	<u>3,705,722</u>	<u>4,373,097</u>	<u>397,281</u>	<u>(190,832)</u>	<u>4,579,546</u>

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

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

Name of Reseve	Anticipated date of use	Purpose of the reserve
Leave reserve	Ongoing	To be used to fund long service leave and/or other significant payments that may be required upon termination of an employee.
Plant reserve	Ongoing	To be used for the purchase or major capital upgrade of plant items.
Computer upgrade	Ongoing	To be used to fund the upgrade and/or replacement of the Shire's electronic and network operating system or any of the administrative or financial management computer operating programs.
Office redevelopment	Ongoing	To be used for the extension/major re-development of the Administration office building and associated buildings.
Airport operating	Ongoing	To be used to fund major operational or major capital works required at the Shire of Halls Creek Airport.
Staff housing	Ongoing	To be used to fund the construction, renovation, development or purchase of residential housing and land utilised by the Shire of Halls Creek for the provision of staff housing.
Aquatic centre	Ongoing	To be used to fund any major repairs, upgrade, replacement or capital requirements for the Shire of Halls Creek Aquatic and Recreation Centre.
TV rebroadcasting	Ongoing	To be used to fund the upgrade, new purchase or replacement of re-broadcasting equipment, for both television and radio, as per the Shire's re-broadcasting commitments.
Energy developments community	Ongoing	To distribute monies to members or organisations in the Shire of Halls Creek (other than the Shire itself) to be used solely for not-for-profit projects or activities that benefit the Shire of Halls Creek's community and in accordance with MOU between Shire of Halls Creek and EDL NGD (WA) PTY LTD.
Refuse site rehabilitation reserve	Ongoing	Funds to be set aside for the rehabilitation of the refuse site upon closure.

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

12. REVALUATION SURPLUS

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	12,395,406	0	0	0	12,395,406	12,395,406	0	0	0	12,395,406
Furniture and equipment	0	19,625	0	19,625	19,625	0	0	0	0	0
Plant and equipment	315,370	306,034	0	306,034	621,404	315,370	0	0	0	315,370
Infrastructure - roads	56,944,040	8,160,867	0	8,160,867	65,104,907	0	56,944,040	0	56,944,040	56,944,040
Infrastructure - other	2,067,815	0	0	0	2,067,815	0	2,067,815	0	2,067,815	2,067,815
	<u>71,722,631</u>	<u>8,486,526</u>	<u>0</u>	<u>8,486,526</u>	<u>80,209,157</u>	<u>12,710,776</u>	<u>59,011,855</u>	<u>0</u>	<u>59,011,855</u>	<u>71,722,631</u>

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

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016	2016	2015
	\$	Budget	\$
	\$	\$	\$
Cash and cash equivalents	<u>5,393,612</u>	<u>4,206,707</u>	<u>10,243,081</u>

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

Net result	(3,360,306)	(3,266,773)	3,975,494
Non-cash flows in Net result:			
Depreciation	5,332,208	3,583,928	3,352,410
(Profit)/Loss on sale of asset	29,012	26,985	473,120
Asset write offs	0	0	25,393
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(257,741)	336,365	97,802
(Increase)/Decrease in inventories	160,973	84,426	(73,394)
Increase/(Decrease) in payables	(1,272,332)	(764,343)	1,668,255
Increase/(Decrease) in provisions	81,309	(22,623)	165,672
Grants contributions for the development of assets	(2,071,436)	(2,034,610)	(5,684,797)
Net cash from operating activities	<u>(1,358,313)</u>	<u>(2,056,645)</u>	<u>3,999,955</u>

	2016	2015
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	200,000	200,000
Credit card balance at balance date	0	0
Total amount of credit unused	<u>1,200,000</u>	<u>1,200,000</u>
Loan facilities		
Loan facilities - current	69,895	76,114
Loan facilities - non-current	1,044,528	1,113,460
Total facilities in use at balance date	<u>1,114,423</u>	<u>1,189,574</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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

14. CONTINGENT LIABILITIES

There are no contingent liabilities to report for the year ended 30 June 2016.

15. CAPITAL AND LEASING COMMITMENTS	2016 \$	2015 \$
(a) Operating Lease Commitments		
The Shire did not have any future operating lease commitments at the reporting date.		
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	1,834,055	1,573,115
- housing projects	0	417,000
Payable:		
- not later than one year	1,834,055	1,990,115

The capital expenditure project outstanding at the end of the current reporting period represents the planned road construction work and town reseal, expected to be completed by November 2016.

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016 \$	2015 \$
Governance	0	819
General purpose funding	591,777	385,911
Law, order, public safety	56,366	54,212
Health	15,875	14,087
Education and welfare	162,000	1,800
Housing	14,901,546	13,350,935
Community amenities	880,881	814,239
Recreation and culture	14,834,504	15,107,166
Transport	77,875,452	70,840,982
Economic services	2,715,297	2,527,842
Other property and services	3,968,964	4,154,367
Unallocated	5,393,611	10,283,867
	<u>121,396,273</u>	<u>117,536,227</u>

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

	2016	2015	2014
18. FINANCIAL RATIOS			
Current ratio	1.86	2.03	2.52
Asset sustainability ratio	0.59	1.35	0.75
Debt service cover ratio	(0.07)	11.57	(14.52)
Operating surplus ratio	(1.36)	(0.46)	(1.75)
Own source revenue coverage ratio	0.23	0.26	0.27

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 76 of this document.

For 2016 and 2015, the Current, Debt Service Cover and the Operating Surplus Ratios as disclosed above were distorted by an item of significant revenue relating to the early payment of the 2015/16 Financial Assistance Grant (FAGs) of \$2,134,494 which was received on 30 June 2015.

For 2014, the Current, Debt Service Cover and the Operating Surplus Ratios as disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment for the following year cease. This created a timing difference which resulted in an amount of \$2,338,531 less revenue for the year.

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

	2016	2015	2014
Current Ratio	3.45	1.24	4.86
Debt service cover ratio	12.96	(2.74)	(2.81)
Operating surplus ratio	(0.83)	(1.03)	(1.09)
Own Source Revenue Ratio	0.23	0.26	0.27

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

19. TRUST FUNDS

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

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Staff Housing Bonds	1,523	11,998	(12,096)	1,425
Facility Bond Hire	13,900	15,455	(19,900)	9,455
BCITF	56,541	13,236	(64,525)	5,252
Unclaimed Wages	39,030	0	(95)	38,935
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Tourism Operators	60,455	384,506	(413,512)	31,449
Library Membership Deposits	3,840	460	0	4,300
DPI Vehicle Licencing	3,638	300,794	(302,160)	2,272
Telecentre Income	49,602	0	0	49,602
Yarliyl Art Gallery	0	93,633	(80,187)	13,446
Refuse Kerb Deposits	12,861	4,500	(12,861)	4,500
General Donation	235	0	0	235
Retention Funds	263,091	114,351	(212,359)	165,083
COAG & Other Government Fund	173,664	1,099	(394)	174,369
	<u>686,045</u>			<u>507,988</u>

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Other property and services								
Web Application Server	5,952	0	0	(5,952)	0	0	0	0
Great Wall x 3	45,559	21,817	0	(23,742)	49,485	21,818	0	(27,667)
Toyota Hi Ace Bus	4,500	3,364	0	(1,136)	4,500	3,364	0	(1,136)
Toyota Hilux HC 2255	0	1,818	1,818	0	0	1,818	1,818	0
	<u>56,011</u>	<u>26,999</u>	<u>1,818</u>	<u>(30,830)</u>	<u>53,985</u>	<u>27,000</u>	<u>1,818</u>	<u>(28,803)</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments Actual Budget \$ \$		Principal 30 June 2016 Actual Budget \$ \$		Interest Repayments Actual Budget \$ \$	
Housing								
Loan 23 Triplex	368,260	0	28,854	29,817	339,406	365,461	34,931	25,250
Loan 25 Housing Units	811,623	0	36,606	36,606	775,018	775,017	53,514	58,805
Other property and services								
Loan 24 Office Redevelopment	9,691	0	9,691	9,690	0	0	281	352
	<u>1,189,574</u>	<u>0</u>	<u>75,151</u>	<u>76,113</u>	<u>1,114,424</u>	<u>1,140,478</u>	<u>88,726</u>	<u>84,407</u>
	<u>1,189,574</u>	<u>0</u>	<u>75,151</u>	<u>76,113</u>	<u>1,114,424</u>	<u>1,140,478</u>	<u>88,726</u>	<u>84,407</u>

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2015/16

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

(c) Unspent Debentures

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

(d) Overdraft

Council has an operational overdraft of \$1 million on its Municipal Account, but has not utilised the facility this year.

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

21. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV Town	0.0793	289	10,804,190	857,204	47,261	0	904,465	857,815	0	0	857,815
GRV Town Vacant	0.1338	11	375,960	50,303	15,048	0	65,351	52,811	0	0	52,811
Unimproved value valuations											
UV - Rural/Pastoral	0.0447	28	7,922,180	354,280	0	0	354,280	354,019	0	0	354,019
UV - Mining	0.3794	32	2,116,911	803,156	0	0	803,156	803,052	0	0	803,052
UV - Propecting/Exploration	0.2275	96	906,097	206,137	0	0	206,137	191,681	(15,000)	0	176,681
Sub-Total		456	22,125,338	2,271,080	62,309	0	2,333,389	2,259,378	(15,000)	0	2,244,378
Minimum payment	Minimum \$										
Gross rental value valuations											
Town	823	26	44,300	21,398	0	0	21,398	21,398	0	0	21,398
Town Vacant	1,548	11	47,495	17,028	0	0	17,028	17,028	0	0	17,028
Unimproved value valuations											
Rural/Pastoral	773	4	25,000	3,092	0	0	3,092	3,865	0	0	3,865
Mining	773	6	5,473	4,638	0	0	4,638	4,638	0	0	4,638
Propecting/Exploration	530	70	69,829	37,100	0	0	37,100	37,100	0	0	37,100
Sub-Total		117	192,097	83,256	0	0	83,256	84,029	0	0	84,029
		573	22,317,435	2,354,336	62,309	0	2,416,645	2,343,407	(15,000)	0	2,328,407
Discounts/concessions (refer note 25)							(151,182)				0
Total amount raised from general rate							2,265,463				2,328,407
Totals							2,265,463				2,328,407

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

22. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus 1 July 15 brought forward	<u>1,711,871</u>	<u>4,712,448</u>	<u>4,712,448</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,043,343	4,140,059	4,140,059
Restricted	4,350,269	6,103,022	6,103,022
Receivables			
Rates outstanding	585,803	452,579	452,579
Sundry debtors	628,993	464,050	464,050
GST receivable	182,882	202,559	202,559
Accrued Interest	30,018	5,364	5,364
Less provision for doubtful debts	(159,028)	(113,625)	(113,625)
Inventories			
Stores and materials - at cost	173,453	334,426	334,426
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(847,203)	(2,103,622)	(2,103,622)
Accrued expenses	(106,691)	(118,255)	(118,255)
ATO liabilities	(70,214)	(74,563)	(74,563)
Current portion of long term borrowings			
Secured by floating charge	(69,895)	(76,114)	(76,114)
Provisions			
Provision for annual leave and TIL	(608,076)	(553,568)	(553,568)
Provision for long service leave	(85,714)	(82,087)	(82,087)
Unadjusted net current assets	<u>5,047,940</u>	<u>8,580,225</u>	<u>8,580,225</u>
Adjustments			
Less: Reserves - restricted cash	(4,099,754)	(4,579,546)	(4,579,546)
Add: Current portion of long term borrowings			
Secured by floating charge	69,895	76,114	76,114
Add: Employee Provisions	693,790	635,655	635,655
Adjusted net current assets - surplus	<u>1,711,871</u>	<u>4,712,448</u>	<u>4,712,448</u>

Difference

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

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

23. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any specified area rates during 2015/16.

24. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

	Amount of Charge	Revenue Raised	Budget Revenue	Charges Applied to Costs	Charges Set Aside to Reserve	Reserve Applied to Costs	Budget Charges Applied to Costs	Budget Charges Set Aside to Reserve	Budget Reserve Applied to Costs
Service Charges	\$	\$	\$	\$	\$	\$	\$	\$	\$
Television and Rebroadcasting Services	50	21,050	18,750	13,306	7,744	0	14,238	1,363	0
		21,050	18,750	13,306	7,744	0	14,238	1,363	0

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
General Rates	Part Write-off	150,000	150,000	178,027
Penalty Interest	Write off	1,153	1,153	0
Small Balances	Write off	29	29	0
			151,182	178,027

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rates - Mining	Mining Tenement applied for partial write off		
Penalty Interest	Payment credited to wrong assessment, so penalty interest charged in error	To be fair and equitable	To be fair and equitable
Small Balances	Small balances under \$5 written off at end of year	To avoid having lots of accounts with amounts not worth following up	To avoid having lots of accounts with amounts not worth following up

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	16-Oct-15			
Option Two				
First Instalment				
Second Instalment				
Option Three				
First Instalment	16-Oct-15			11.00%
Second Instalment	11-Dec-15	17.5	5.50%	11.00%
Third Instalment	05-Feb-16	17.5	5.50%	11.00%
Fourth Instalment	01-Apr-16	17.5	5.50%	11.00%
			Revenue	Budgeted Revenue
			\$	\$
Interest on unpaid rates			39,264	25,000
Interest on instalment plan			7,107	5,000
Charges on instalment plan			3,290	200
			<u>49,661</u>	<u>30,200</u>

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

27. FEES & CHARGES	2016	2015
	\$	\$
Governance	5,455	0
General purpose funding	3,330	23,093
Law, order, public safety	31,201	9,342
Health	4,764	17,334
Education and welfare	1,058	0
Housing	180,497	163,599
Community amenities	513,866	372,720
Recreation and culture	135,970	156,551
Transport	5,750	10,610
Economic services	418,211	385,221
Other property and services	151,055	93,472
	<u>1,451,157</u>	<u>1,231,942</u>

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

28. GRANT REVENUE

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

By Nature or Type:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	2,079,657	6,358,275
Law, order, public safety	12,429	40,409
Health	189,580	418,340
Education and welfare	1,296,278	1,061,093
Housing	1	10
Recreation and culture	49,542	97,373
Transport	3,760,675	627,327
Economic services	215,945	14,047
Other property and services	282,815	388,589
	<u>7,886,922</u>	<u>9,005,463</u>
Non-operating grants, subsidies and contributions		
Health	74,000	0
Education and welfare	50,000	0
Housing	0	3,072,128
Community amenities	71,195	0
Recreation and culture	64,986	0
Transport	1,711,255	1,827,491
Other property and services	100,000	785,178
	<u>2,071,436</u>	<u>5,684,797</u>
	<u>9,958,358</u>	<u>14,690,260</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>44</u>	<u>46</u>
-----------	-----------

30. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
Meeting Fees	57,294	57,330	55,297
President's allowance	8,190	7,644	7,343
Deputy President's allowance	2,048	1,911	1,836
Travelling expenses	350	368	336
Telecommunication/ICT	22,932	22,915	22,043
	<u>90,814</u>	<u>90,167</u>	<u>86,855</u>

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

31. MAJOR LAND TRANSACTIONS

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,393,612	10,243,081	5,393,612	10,243,081
Receivables	1,268,668	1,010,927	1,268,668	1,010,927
	<u>6,662,280</u>	<u>11,254,008</u>	<u>6,662,280</u>	<u>11,254,008</u>
Financial liabilities				
Payables	1,024,108	2,296,440	1,024,108	2,296,440
Borrowings	1,114,423	1,189,574	582,203	582,203
	<u>2,138,531</u>	<u>3,486,014</u>	<u>1,606,311</u>	<u>2,878,643</u>

Fair value is determined as follows:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash 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.

Cash is 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 authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

Impact of a 1% ⁽¹⁾ movement in interest rates on cash

- Equity	53,936	102,431
- Statement of Comprehensive Income	53,936	102,431

Notes:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)**(b) Receivables**

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

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

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

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

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

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

	2016	2015
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	83%	86%
- Overdue	17%	14%

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

33. FINANCIAL RISK MANAGEMENT (Continued)**(c) Payables****Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	1,024,108	0	0	1,024,108	1,024,108
Borrowings	65,461	261,844	379,418	706,723	1,114,423
	<u>1,089,569</u>	<u>261,844</u>	<u>379,418</u>	<u>1,730,831</u>	<u>2,138,531</u>
<u>2015</u>					
Payables	2,296,440	0	0	2,296,440	2,296,440
Borrowings	75,152	300,608	464,261	840,021	1,189,574
	<u>2,371,592</u>	<u>300,608</u>	<u>464,261</u>	<u>3,136,461</u>	<u>3,486,014</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	0	0	0	0	0	1,114,422	1,114,422	6.62%
Weighted average Effective interest rate						6.62%		
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	9,690	0	0	0	0	1,179,884	1,189,574	6.67%
Weighted average Effective interest rate	5.79%					6.68%		

MOORE STEPHENS

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

www.moorestephenswa.com.au

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF HALLS CREEK

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Halls Creek, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

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

Report On Other Legal and Regulatory Requirements

During the course of the audit we became aware of one instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

Budget Review

The budget review for the year ended 30 June 2016 was not submitted to the Department of Local Government within 30 days of the determination made by the Council as required by Financial Management Regulation 33A(4).

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as noted above, no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 56 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

DATE: 19 October 2016
PERTH, WA

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

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.95	0.67	0.33
Asset renewal funding ratio	1.20	1.36	*

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

* No Asset Renewal Funding Ratio is provided as the information required was not available.

This page left blank intentionally