

1 JULY 2013 TO 30 JUNE 2014  
SHIRE OF VICTORIA PLAINS

# ANNUAL REPORT



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## A MESSAGE FROM THE PRESIDENT

Fellow Electors and Residents of the Shire of Victoria Plains

This is my first annual report as President and I thank Councillors for their confidence in electing me to this position.

I am honoured. Our last Council elections saw Cr Stephanie Penn elected in the South Ward, to replace Councillor Erickson. Cr Penn is now Deputy Shire President. Other Councillors who were eligible for election were elected unopposed.

I take this opportunity to express appreciation for the effort Geoff Erickson put in representing the South Ward as Councillor for a considerable number of years, and for his dedicated representation of the Shire as a whole in his time as President.

Victoria Plains continues to be well served by our senior staff and only a few staff changes occurring. Our thanks to those who left during the year and welcome to those new over the last year.

Your Council and auditors believe our financial position is strong for a shire of our size and we dedicate our efforts to continue in the manner.

During 2013/2014 Council continued to support our communities and sporting clubs. For example the self supporting loan for the Calingiri Cougars Football Club to purchase land to provide funds for their club. Also support for the Mogumber Outback Club in planning for a semi-permanent rodeo arena at Mogumber.

Grants from several sources have enabled further improvements to the Calingiri Sports Club surrounds, Calingiri Hockey and Football grounds, Bolgart Community Park and Emergency Water Supply (ongoing).

The year saw footpath and other town upgrades in Bolgart, Calingiri and Yerecoin.

Council continues to expand the sealed roads network in the Shire (Bolgart East and Glentromie-Gillingarra / Wirrilda) while improving existing sealed roads (Glentromie-Yerecoin) and maintaining gravel roads. This past year saw a trial of letting tender for maintenance grading to contract for roads west of the Great Northern Highway. All roads in this area were graded three times over the year and our policy is to endeavour to provide the same service with our staff and equipment throughout the rest of the Shire.

The Shire continues regular upgrades of our plant and equipment to improve efficiency and ensure quality work.

I thank our Deputy President, Councillor Stephanie Penn, all Councillors and especially shire Chief Executive Officer Harry Hawkins and his Deputy Ian Graham and all our valued and dedicated staff for their support.

Best wishes to all Electors and Residents.

David Lovelock

**Shire President**



## FROM THE CHIEF EXECUTIVE OFFICER

The 2013/2014 financial year was one of consolidation with no major staff changes or new reports to grapple with however the amalgamation issue still haunted the Local Government sector in this state. Although current amalgamation proposals only involved the metropolitan area non-metropolitan, Councils including Victoria Plains are still under pressure knowing that we will be next. The future may be unclear but it is business as usual in providing services to our ratepayers.



The major project undertaken during the financial year was the Bolgart Community Emergency Water Supply which is now operating but still requires some adjustments to ensure it provides the benefits expected by the community. This project went well over budget due to a combination of mistakes made during construction and an insufficient budget allocation.

Planning was commenced for a Community Emergency Water Supply in Piawaning however finding a source of water that is low in salinity and able to be pumped to a central position is proving difficult. Desalination technology is not yet available for this type of project and local land holders with a good water supply are understandably not prepared to risk losing it to support the project. The finalisation of the Piawaning project would see the whole shire drought proofed with emergency water supplies in Calingiri, Mogumber, Gillingarra, Bolgart and eventually Piawaning.

It was disappointing that this year also saw a fracturing of the Mogumber community due to issues with their community water supply and proposals for the siting of a Rodeo arena in the Reserve adjacent to the oval. These differences are being worked through with the community and it is hoped that by the time this report is published they will have been resolved.

Road projects were again led by the Gillingarra-Glentromie / Wirrilda Road upgrade, however progress on this was stalled by the requirement to obtain a permit to clear native vegetation which is still being assessed many months after the application was lodged. The loss of Royalties for Regions Country Local Government Fund grants meant that proposed shoulder works on the southern end of Toodyay Bindi Bindi Road did not go ahead.

Elections in October 2013 saw Shire President Geoff Erickson lose his seat to Stephanie Penn who bought a female prospective to Council and this together with her experience on the Northampton Shire Council initially caused a few ripples but these have settled. I would like to thank former Councillor Erickson for his support and contribution to the Shire of Victoria Plains over many years as an elected member for the south ward.

I would once again conclude by thanking the shire staff and Councillors for their help and support this year particularly Fiona Watson, Ian Graham, Greg Stephens, Shire President David Lovelock and Deputy President Stephanie Penn.

Harry Hawkins  
**Chief Executive Officer**



## FINANCE AND ADMINISTRATION MANAGER'S REPORT

### SURPLUS/DEFICIT

The 2013/2014 financial year has resulted in a net surplus carried forward of \$124,179 against a budget net surplus of \$2,622. There were no unspent grants as at 30<sup>th</sup> June 2014.



The operating deficit was (\$423,636) against a budgeted operating deficit of (\$175,055), mostly due to a reduction of \$445,640 in Non-Operating Grant Income received:-

GRANT	ACTUAL \$	BUDGET \$	VARIANCE \$
DFES – GRANT FOR NEW FIRE APPLIANCES CALINGIRI AND YERECOA.	\$758,192	\$0.00	\$758,192
ROYALTIES FOR REGIONS – GRANT FOR NEW AGED CARE UNITS CALINGIRI AND BOLGART.	\$0.00	\$900,000	(\$900,000)
ROYALTIES FOR REGIONS – GRANT FOR TOODYAY-BINDI BINDI ROAD.	\$0.00	\$270,000	(\$270,000)
REGIONAL ROAD GROUP FUNDING.	\$257,438	\$281,000	(\$23,562)
VARIOUS			(\$10,270)
<b>TOTAL:</b>			<b>(\$445,640)</b>

Total Comprehensive Income was \$3,628,235 after allowing for a fair value increment of \$4,051,871 (refer below) resulting from “Fair Value” revaluations on Land and Buildings.

### FAIR VALUE

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. Fair value is to be introduced in a staged process, as follows:

- Year-ended 30<sup>th</sup> June 2013: Plant & Equipment
- Year-ended 30<sup>th</sup> June 2014: Land & Buildings OR Infrastructure
- Year-ended 30<sup>th</sup> June 2015: Land & Buildings OR Infrastructure and all others.
- Each asset class is to be re-valued every 3 years following the initial re-valuation.

“Fair Value” valuations were applied to the following classes of assets as at 30<sup>th</sup> June 2014 as follows:

Asset Class	Book Value 30/6/14	Fair Value 30/6/14	Gain/(Loss)
Land	\$32,416	\$1,136,000	\$1,103,584
Buildings	\$3,136,213	\$6,084,500	\$2,948,287
<b>TOTAL:</b>	<b>\$3,168,629</b>	<b>\$7,220,500</b>	<b>\$4,051,871</b>

## **BORROWINGS**

As at 30<sup>th</sup> June 2014, the total borrowings were \$519,803. New borrowings during the 2013/2014 financial year totaled \$300,000 (Calingiri Football Club self-supporting loan). Debt principal repaid during the year was \$36,620.

## **INTEREST**

Interest earnings for the financial year 2013/2014 amounted to \$96,864 against a budget of \$76,778. Of the interest income, \$41,081 resulted from short term investments on Reserve funds and \$41,772 from Municipal funds.

Interest expense on borrowings for the year amounted to \$15,210 (2012/2013 \$15,980).

## **RATES**

Income from rates amounted to \$2,064,125 (2012/2013 \$1,981,801), including ex-gratia rates of \$56,276 (2012/2013 \$56,390) and allowing for the \$2,000 incentive payment for early payment of rates.

## **ROADS**

Total road grants income received for the financial year amounted to \$1,022,448 as follows:

- WA State Government Regional Road Grants (Projects) \$162,004
- WA State Government Direct Road Grant \$95,434
- Roads to Recovery Funding \$228,983
- Footpath Grant \$19,450
- Federal Assistance Grants 2013/2014 (Roads) \$516,577

Total road expenditure was \$2,228,790 (2012/2013 \$1,746,517) as follows:

- Road Construction: \$1,356,388 (budget \$1,823,069)
- Road Maintenance: \$872,402 (budget \$938,432)

The major road construction works were:-

- Regional Roads Program – Gillingarra/Glentromie Rd
- Roads to Recovery Program - Waddington Rd
- Royalties for Regions - Bolgart East Road
- Council funded – Edmonds Street, Toodyay-Bindi Bindi Road, and Milner Street.

## **PLANT**

Items of major plant purchased or replaced during the financial year were:-

Water tanker \$120,245

## **CASH BACKED RESERVES**

As at 30<sup>th</sup> June 2014, the cash-backed Reserves balance was \$1,163,188 (2012/2013 \$1,163,606), against an original budgeted closing balance of \$998,601. An amount of \$145,270 was budgeted to be transferred from the Infrastructure Reserve for drainage works in Bolgart, however the work was carried over to the 2014/2015 year.

## **FINANCIAL RATIOS**

Financial Ratios are designed to provide users of financial information with a clear picture of the performance and results of the organisation. A recent amendment to the Local Government (Financial Management) Regulations has resulted in a change to the ratios that are used by Local Governments in Western Australia, effective from the 2012/2013 financial year.

The six ratios are:

- Asset Consumption Ratio
- Asset Renewal Funding Ratio
- Asset Sustainability Ratio
- Debt Service Cover Ratio
- Operating Surplus Ratio
- Own Source Revenue Coverage Ratio

(Note: actual ratios are disclosed in the Annual Financial Report).

## **ADMINISTRATION**

The Shire administration office received an upgrade with the installation of a 15kw solar PVC system. This system meets the daytime electricity needs of the administration office and will result in reduced electricity costs with an estimated payback period of 3 years.

The Council Chambers and Archive Storage Shed both had new roofs fitted during the 2013/2014 year.

## **CONCLUSION**

My thanks go to the team in finance and administration and to all other Shire staff for their support and the work they have done and in maintaining a very high standard for the year. My thanks also go to the Councillors for their support during the year and I look forward to a productive and successful 2014/2015.

Ian Graham

**Deputy CEO / Finance and Administration Manager**



## FROM THE WORKS AND SERVICES DEPARTMENT

The Works and Services section undertakes capital construction, major maintenance works, and the routine maintenance of hard infrastructure within the Shire.

To undertake these required activities a portion of funding is derived from external grant funds being various Federal and State Government agencies and from other Council income streams.

### Granted Revenue

External funding is the major income stream for capital works and major maintenance of Councils assets. In the 2013/2014 financial year external Federal or State Government grants funded to the Shire of Victoria Plains were from:

- Wheatbelt North Regional Road Group (RRG) - funding administered by the Main Roads Western Australia (MRWA)
- Main Roads Western Australia (MRWA) Direct Grants for roads
- Department of Infrastructure, Transport, Regional Development and Local Government (Australian Government) Roads to Recovery funding program.
- Royalties for Regions
- Council and Direct Road Funding

### Works and Service Functions

Major capital construction projects undertaken in the 2013/2014 financial year were:

#### Council Funded Projects

- Edmonds Street re-construction Calingiri townsite
- Shoulder Grading on the Toodyay Bindi Bindi Road from Yerecoin to the Northern shire boundary
- Town storm water drainage, on Waters Street Yerecoin
- Cul de Sac construction on Milner Street Yerecoin
- Calingiri hall carpark reseal
- Calingiri Sports Club car park reseal
- Bolgart outdoor facility project

#### Roads to Recovery Project

- Heavy patching three sections of failed road on the Waddington Road West of Piawaning

#### Royalties for Regions Funding

- Construction of dual use path along Waters Street Yerecoin
- Construction of three kilometres of new road on Bolgart East road to the shire boundary

#### Regional Roads Group Funding

- Construction of 1.5 kilometres of new road on the Wirrilda Road to the shire boundary

#### Community Water Supply Funding

- Construction of a community farmland emergency water supply in Bolgart

## **Works and Services**

Works and Services include the following areas of responsibility:

### **STRATEGIC**

#### **Administration**

- Council policy
- Council agenda items
- Strategic Planning
- Funding applications
- Road works programs
- Purchasing and procurement
- Budget preparation and management
- Tender preparation and administration
- R2R (Roads to Recovery) funding management and acquittal
- RRG (Regional Road Group) funding management and acquittal
- Project management and funding acquittal
- Compliance with appropriate legislation associated with provided services

### **OPERATIONS**

#### **Works**

Construction and maintenance of roads, footpaths, and drainage throughout the Shire. Maintenance grading of shire roads is ongoing and an important part of the works that are done within the shire. There are 555.16 kilometres of unsealed roads in the shire. Council own two caterpillar 120M graders and maintain the unsealed road network as well as being involved in capital works. The expectation is to achieve two to three grades over the network per year and this financial year we put 115.490 kilometres of road grading out to tender. This was a fixed price tender for three grades for the year and this has proved to be successful and the contract was extended into the 2014/2015 financial year.

The complete Shire of Victoria Plains gravel road network is divided into three specified areas:

*Area 1 = 217.580 km: Southern area - maintenance grading being done in house*

*Area 2 = 222.090 km: Central/Northern area - maintenance grading being done in house*

*Area 3 = 115.490: Western Area, Contract*

#### **Parks and Gardens**

Construction and maintenance of Council's sporting fields, passive parkland areas, road verges, streetscapes and street trees.

#### **Plant**

The Council purchased/replaced the following items in this reporting period

- Purchase: Various Light Plant
- Purchase: 27,000ltr water tanker
- Purchase: Three point linkage fertiliser spreader

#### **Waste Management**

Waste management is a core function of Council. It encompasses activities and services related to the collection and disposal of waste, along with waste minimisation and recycling initiatives.

Council strives to manage waste in an environmentally responsible and sustainable manner to protect the natural environment and public health.



### **Drum Muster**

The Council again participated in the “Drum Muster Program”. This nation wide program provides for the collection and disposal of used farm chemical containers.

### **Kerbside Collection**

A weekly kerbside waste collection service operates in the town sites of Yerecoin, Calingiri and Bolgart.

### **Development of the ROMAN Road Modelling System**

Council maintains a strategic focus in respect to the development and maintenance of road infrastructure assets. Through the use of the “ROMAN II” System Council maintains inventory of the condition of the road network. This inventory ensures that future road programmes are formulated on an objective basis taking into account deterioration factors affecting the respective roads.

The ROMAN System has highlighted the need for a higher level of expenditure on road maintenance and preservation. Council’s current and future budgets will reflect the higher priority needed to maintain existing road and bridge infrastructure.

Council officers are continually collecting traffic counts and classification data to support the deterioration modelling which assists the preparation of Council’s ten year works and maintenance programmes.

ROMAN road data is utilised to maintain an asset value of the road network and replacement cost. Data gathered is also used by the LGGC (Local Government Grants Commission) to calculate funds allocated to the Shire from the LGGC.

### **Ranger Service**

As part of the Works department we have an officer who carries out ranger services. We provide regular patrols of all towns within the shire and are responsible for stock control, animal welfare, responsible dog ownership, cat control, litter/illegal dumping control.

### **Customer Works Request**

Council aims to be responsive to ratepayer’s requests for minor improvements and fault rectification. Requests vary dramatically and can be minor in nature from sweeping a path or an emergency with fallen trees to major road works/drainage which needs future budget funding.

Unresolved issues are monitored until a satisfactory resolution has been reached.

### **Staff**

Works and Services employ a total of nine staff that operates from the Shire depot with the Works and Services Manager. All depot staff are located on the corner of Edmonds Street and Cavell Street, Calingiri.

Staff undertakes a multitude of duties and as such are skilled in many areas relating to the maintenance and construction of public infrastructure from roads to gardens.

### **Summary**

The works department has achieved a great deal this year in some trying times.

As Works and Services Manager for a diverse section of activities undertaken within the Shire of Victoria Plains, I believe that the Shire and its residents are well served by their employees, many of whom go to great lengths to provide services to the public in their roll as a council employee.

I would also like to express my thanks to all team members within the works and services department as well as all the administration staff for their high professional standards and output efforts during the 2013/2014 year.

Greg Stephens

**Works and Services Manager**

## FROM THE SHARED RESOURCES DESK

### **Food Act 2008 Reporting**

Under Section 121 of the Food Act 2008, each Local Government is required to submit an annual report to the Department of Health (DOH) on food related activities.

The Annual Report was furnished to the Department of Health on time which outlined the activities in regards to premise inspections for 2013/2014.

No food sampling was carried out as the cost of this has risen dramatically and no actual food manufacturing is done in the Shire. Most manufacturing is conducted in the metropolitan area in WA or interstate and the city Environmental Health Officers conduct the sampling within their own suburbs.

### **Wastewater Treatment System Approvals**

Only two septic systems were approved in the past year and there have been two new applications. Installation on the new applications has not yet been completed.

### **Economic Regulation Authority (ERA) – Audit of Sewerage Licence**

The Sewerage Scheme audit has proven to be very expensive and I had expected that it would be conducted in November 2014. No advice has been relayed to me as yet. Council's previous Environmental Health Officer, Glen Sargeson had done a lot of ground work in field and this will be followed up after the audit has been conducted and we know what the outcomes might be.

### **Landfill Site Reporting to the Department of Environment Regulation (DER)**

Landfill reporting was handled mainly by the CEO and Fiona Watson as I did not have previous experienced in reporting on a "licensed" landfill. The sites I have dealt with in the past have been "registered" landfills. The Dept of Environment Regulation (DER) is trying very hard to have these changed to a "licensing" regime.

I was able to assist Fiona with the annual Recycling Audit which is another Government requirement from the Department of Environment Regulation.

### **Public Buildings**

The Public Buildings improvement program instigated by Council's previous Environmental Health Officer is continuing slowly. All public buildings must comply to the Health (Public Buildings) Regulations 1992.

Work has been done by the Benedictine Community in New Norcia but is still not complete.

Ms Proud of Piawaning Trading Agency has advised that she is no longer trading which has been quite a task for this Health Section for some years.

Linton Thomas

**Principal Environmental Health Officer**

## **Building Report**

From the 1st April 2014, Council contracted the services of Mr Linton Thomas - Environmental Health Officer and Building Surveyor to provide Health and Building duties for the Shire of Victoria Plains.

## **Building Statistics**

A total of 17 building permits were issued for building works within the Shire with a total value of \$2,729,913 and one Demolition Permit valued at \$10,000.

This consisted of four sheds, three houses, one swimming pool, and one Hay Processing Facility (with ancillary sheds), along with six ancillary domestic buildings.

This may be compared with the previous years building activity when a total of 23 building licences were issued with a value of \$3,789,716.

There has been a steady stream of enquiries and I receive many phone calls and emails in regards to building. I am aware that this activity is starting to liven up a bit in the three Shires that I currently cover.

The monthly returns to the Australian Bureau of Statistics are being kept up with and I endeavour to keep the Building Register up to date so the returns can be sent off in time.

Where applications have been emailed to me, I have been able to process them within the time schedules we must comply with under the Building Act and Regulations, and when we are well within those time lines, I can deal with them in the office at Calingiri. This has been working out quite well.

Two illegal building activities have been dealt with in the last 12 months and amicable decisions have been agreed to without the issues having to go to Council or legal action. This is something I really try to avoid as it is not only stressful for Council but to myself as well.

The second of the two illegal buildings should be finalised by the time this report is circulated.

I have inspected the residence of a property owner in Bolgart. I initially made recommendations to Council and the owner with regards to non-functioning septic system, general plumbing, yard debris and the overall condition of the house.

I can now report that progress has been made with the septic installed, the new plumbing has been arranged with Council's Building Maintenance Officer and the internals are starting to be clad. It is anticipated that this house could be habitable by Christmas time.

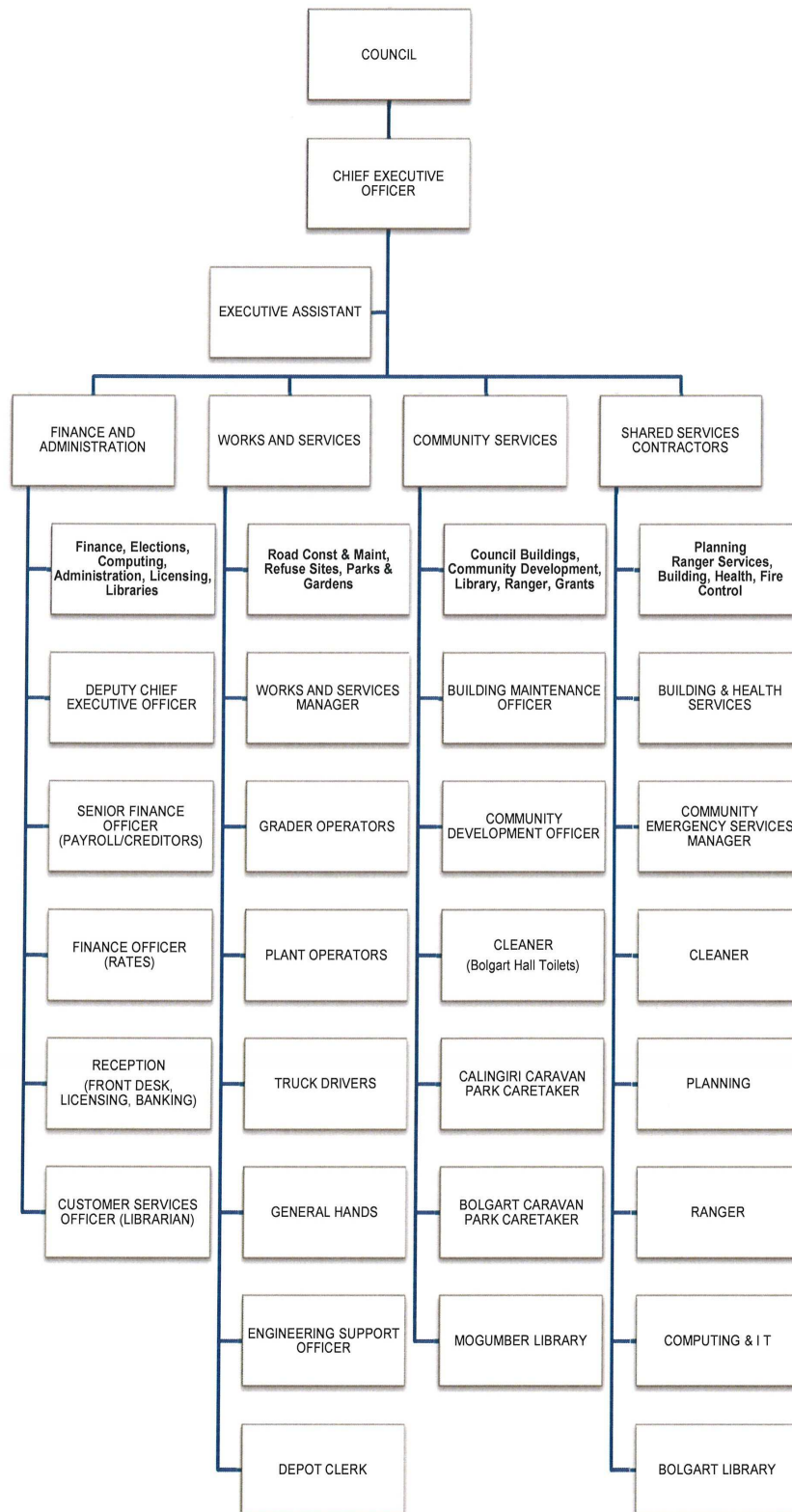
## **General**

This shared resources scheme arrangement is continuing to utilise the services of Planning Staff from the Shire of Chittering.

The shared arrangement with Building and Health Staff from the Shire of Chittering ceased on 31<sup>st</sup> March 2014.

Linton Thomas  
**Registered Building Surveyor**

## SHIRE OF VICTORIA PLAINS – SERVICE STRUCTURE





## NATIONAL COMPETITION POLICY

The competitive advantages of the various levels of government have received a great deal of attention over the past few years. The Federal and all State Governments have now signed a Competition Principles agreement, which is binding on Local Government.

The agreement requires Council to carry out a number of procedures on the matter in each year's Annual Report. The three areas that affect Local Government are –

Competitive Neutrality – to removed benefits (and costs) which accrue to Government business as a result of their public ownership

Structural Reform – Local Government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition

Legislation Review – To review legislation that restricts competition.

The fill requirements of the package are contained in a statement issues by the Department of Local Government.

### **Competitive Neutrality**

There are several tests to apply that assist in determining if there is a “significant business enterprise”.

Does the activity receive revenue (income from external sources) that exceeds \$200,000 per annum? (In coming to this amount Council is advised to disregard grant income, internal charges and statutory fees).

Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the revenue statement for the Shire of Victoria Plains for the preceding period, there is no activity that satisfies this part of the test, and accordingly, the principles of competitive neutrality do not apply to any Council activities.

### **Structural Reform**

In this area, the Council has no monopoly activities. What is basic to the function of restricting public monopolies is the splitting or division of the regulatory role from the service provision role.

To address the question of monopoly, the following test has been applied to each activity:

#### 1 Definition

In regards to this service, does the Council have “exclusive or near exclusive control of the market supply of this service?”

#### 2 Dual Function

Does the Council have both a regulatory and Supply function in this area of activity

#### 3 Willing Competitors

If the Council tendered for the supply of this service in the open market, it is likely that there would be a supplier willing to perform this service.

The Council does have a regulatory/service provision role in any of the following services:

Parks and Gardens, Roads, Recreation Services, Cemetery

When reviewed, these functions appeared to have substance to the sole provider argument, however, it is considered that it is unlikely that there would be willing local competitors. On balance, therefore, it was concluded that a monopoly does not exist.

### **Legislation Review**

The Council has portfolio of local laws (previously know as by-laws), which may or may not conflict with the Competition Principles Agreement. These local laws will require review to ensure compliance with the reporting requirements.

As a result of the review, a report will be provides which will provide the following information regarding the existing local laws -

- Statement of objective to be specified for each local law
- Statement of possible restrictions that may result as a consequence of the application of the local law
- Statement of likely affects of the restriction of competition
- Statement of costs and benefits of the Restrictions
- Statement of proposals for alternatives

In conducting the review, in particular concerning provisions of services, Council will consider the effect of local laws with regard to how they -

- Regulate the entry and exit of participants in various markets
- Control pricing or production levels
- Regulate pricing and production levels
- Regulate the price of goods or services used in various production processes
- Regulate the quality, amount or location of goods and service delivery
- Regulate advertising and promotional activities
- Confer benefits on particular classes of competitors
- Allow only one entity to supply a good or service
- Require producers of goods or services to sell to a single entity
- Limit the output of an entity
- Limit the number of person that can be engaged in an occupation or activity

It is necessary all local laws (by-laws) be reviewed, and this process has commenced. Local Laws already reviewed are - Standing Orders, Calingiri Cemetery, Fire Control, and Health Local Laws.

## FREEDOM OF INFORMATION STATEMENT

### **General Statement**

The Shire of Victoria Plains complies with the Freedom of *Information Act 1992*. It publishes an updated FOI information statement annually and makes it available to the public for inspection or purchase in hard copy at the Shire's administration centre. It is also available on the Shire of Victoria Plains website. During the reporting period, the Shire of Victoria Plains did not receive any F O I requests.

## DISABILITY ACCESS PLAN

The Disability Services Act requires council to maintain a Disability Services Plan to ensure that accessibility to council facilities and services for the disabled are regularly reviewed.

A Disability Access Audit report was carried out by E-QUAL Disability Consultants in May 2007 and the finalised Disability Access and Inclusion Plan (DAIP) was lodged with the Disability Services Commission in September 2007.

Access to facilities and services for the disabled include but are not limited to:-

Wheel chair access;

Access for people with ambulatory difficulties

Access for people with learning difficulties

Access for people with sensory deficit.

## RECORDS MANAGEMENT

This year saw further development of Record's Management under the Shire of Victoria Plains Recordkeeping Plan. The Plan is a statutory obligation under the State Records Act 2000. It details how the shire manages its record keeping system.

The plan includes control, retention and disposal of the Shire of Victoria Plains public records. The Record Keeping Plan was endorsed by the State Records Commission and the current plan is operational from 2009 to 2014.

Under the Plan the Shire of Victoria Plains maintains recordkeeping training and staff induction programs to ensure that the shire employees are informed of their responsibilities in regard to recordkeeping. Staff have completed the recent review to ensure it is effective and efficient and the reviewed Plan was forwarded to the State Records Office for their approval in October 2014.

## REGISTER OF COMPLAINTS

There was one entry made in the complaints register under Section 5.121 during the 2013/2014 Financial Year.

## INFORMATION ON PAYMENTS TO EMPLOYEES

For the purposes of Section 5.53(2) (g) the Annual Report of a Local Government or a financial year is to contain the following information:-

- (a) the number of employees of the Local Government entitled to an annual salary of \$100,000 or more;
- (b) the number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

The Shire of Victoria Plains has one (1) employee who receives an annual salary of \$100,000 or more.

## PLAN FOR THE FUTURE

The Shire of Victoria Plains Council has recognised the need to have a clear direction that will guide the Council decision making and officer priorities.

In addition the Integrated Planning and Reporting Framework (IPRF) has been introduced by the Department of Local Government. All local governments in Western Australia were required to have adopted a Strategic Community Plan and a Corporate Business Plan by the 30<sup>th</sup> June 2013.

The Shire of Victoria Plains Strategic Community Plan and Corporate Business Plan were adopted by Council in June 2013.

Integrated Planning is supported by informing strategies including Asset Management, Long Term Financial Planning and Workforce Planning. The Asset Management Plan is supported by an Asset Management Policy and Asset Management Strategy.

The Strategic Community Plan, Corporate Business Plan, Asset Management Plan, Long Term Financial Plan and Workforce Plan are available at the Shire of Victoria Plains Administration centre or on the Shire of Victoria Plains website:- [www.victoriaplains.wa.gov.au](http://www.victoriaplains.wa.gov.au)

## REVIEW AND UPDATE OF STRATEGIC PLANS

The Shire of Victoria Plains will undertake reviews and updating of strategic planning documents as follows:

- Strategic Community Plan – a desktop review to be carried out every two years and full review every four years.
- Corporate Business Plan – to be reviewed annually following the completion of the previous year financial report and update of Long Term Financial Plan.
- Asset Management Plan – to be reviewed every two years
- Long Term Financial Plan – to be reviewed annually following completion of the previous year financial reports.
- Workforce Plan – to be reviewed every two years.

Strategic planning documents will be presented to Council for consideration and adoption following completion of the review and updating process.

## SIGNIFICANT VARIATIONS ACTUAL TO BUDGET AFFECTING STRATEGIC PLANS

### EXPENDITURE:

In the 2013/2014 financial year, the following significant variations between Actual and Budget expenditure that had an impact on the strategic plans:

PROGRAM	ITEM	BUDGET \$	ACTUAL \$	EXPLANATION
<b>5 – LAW &amp; ORDER</b>	New Fire Appliances – Calingiri and Yerecoin BFB's.	\$0	\$758,192.00	A non-cash transaction; however the new appliances result in increased insurance costs in future years.
<b>9 - HOUSING</b>	4 x Aged Persons Units (Calingiri and Bolgart).	\$900,000.00	\$0.00	Construction did not commence as grant funding was not available in the 2013/2014 year. Project has been carried-over to 2014/2015 year.
<b>11 - RECREATION</b>	Self-supporting loan to Calingiri Football Club.	\$0	\$300,000.00	Loan is fully self-supporting therefore no cash effect; however does affect Debt Servicing Ratio.
<b>12 – TRANSPORT</b>	Replacement of Manitou Loader.	\$115,000.00 (net)	\$0	Replacement delayed, has not been carried-over to 2014/2015 year. Volvo loader to be replaced in 2014/2015 year.



## Significant Variations Actual to Budget affecting Strategic Plans (Cont'd)

**REVENUE:**

<b>PROGRAM</b>	<b>ITEM</b>	<b>BUDGET \$</b>	<b>ACTUAL \$</b>	<b>EXPLANATION</b>
<b>5 – LAW &amp; ORDER</b>	Grant - New Fire Appliances – Calingiri and Yerecoin BFB's.	\$0	\$758,192.00	A non-cash transaction; however the new appliances result in increased insurance costs in future years.
<b>9 - HOUSING</b>	4 x Aged Persons Units (Calingiri and Bolgart).	\$900,000.00	\$0.00	Construction did not commence as grant funding was not available in the 2013/2014 year. Project has been carried-over to 2014/2015 year.
<b>12 – TRANSPORT</b>	Toodyay- Bindi Bindi Road pavement repairs (CLGF funded).	\$270,000.00	\$0	Funding for CLGF withdrawn.

# FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2014

## **SHIRE OF VICTORIA PLAINS**

### **FINANCIAL REPORT**

### **FOR THE YEAR ENDED 30TH JUNE 2014**

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Principal place of business: 28 Cavell Street Calingiri, WA 6569	

**SHIRE OF VICTORIA PLAINS  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Victoria Plains being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Victoria Plains at 30th June 2014 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 11<sup>th</sup> day of November 2014

  
\_\_\_\_\_  
Harry Hawkins  
Chief Executive Officer

**SHIRE OF VICTORIA PLAINS  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Rates	22	2,064,125	2,067,326	1,981,801
Operating Grants, Subsidies and Contributions	28	502,800	487,868	873,026
Fees and Charges	27	172,581	182,022	177,760
Interest Earnings	2(a)	96,864	76,778	104,059
Other Revenue		84,139	38,150	44,129
		<u>2,920,509</u>	<u>2,852,144</u>	<u>3,180,776</u>
<b>Expenses</b>				
Employee Costs		(1,104,925)	(1,239,799)	(976,807)
Materials and Contracts		(897,728)	(955,600)	(744,653)
Utility Charges		(94,344)	(72,835)	(80,522)
Depreciation on Non-Current Assets	2(a)	(2,109,333)	(2,116,997)	(2,002,764)
Interest Expenses	2(a)	(15,210)	(13,156)	(15,980)
Insurance Expenses		(177,983)	(163,573)	(175,567)
Other Expenditure		(230,662)	(280,706)	(256,476)
		<u>(4,630,185)</u>	<u>(4,842,666)</u>	<u>(4,252,769)</u>
		<u>(1,709,677)</u>	<u>(1,990,522)</u>	<u>(1,071,993)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>	28	1,434,506	1,880,146	1,499,397
Loss on Revaluation of Fixed Assets	2(a)	0	0	(156,977)
Profit on Asset Disposals	20	4,261	3,464	21,361
Loss on Asset Disposals	20	<u>(152,727)</u>	<u>(68,143)</u>	<u>(10,717)</u>
<b>NET RESULT</b>		<b>(423,636)</b>	<b>(175,055)</b>	<b>281,071</b>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	12	4,051,871	0	0
<b>Total Other Comprehensive Income</b>		<u>4,051,871</u>	<u>0</u>	<u>0</u>
<b>Total Comprehensive Income</b>		<u><b>3,628,235</b></u>	<u><b>(175,055)</b></u>	<u><b>281,071</b></u>

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

**SHIRE OF VICTORIA PLAINS  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Governance		4,501	6,137	6,929
General Purpose Funding		2,588,519	2,574,005	2,882,847
Law, Order, Public Safety		75,907	48,903	36,814
Health		4,484	3,811	3,453
Education and Welfare		1,000	0	0
Housing		69,111	53,080	55,166
Community Amenities		68,099	66,832	70,516
Recreation and Culture		18,880	15,237	24,816
Transport		8,310	6,524	7,083
Economic Services		36,837	26,950	43,345
Other Property and Services		40,600	50,665	39,235
<b>2(a)</b>		<b>2,916,248</b>	<b>2,852,144</b>	<b>3,170,204</b>
<b>Expenses</b>				
Governance		(305,141)	(316,453)	(358,821)
General Purpose Funding		(213,876)	(210,973)	(207,216)
Law, Order, Public Safety		(236,637)	(159,482)	(152,267)
Health		(92,008)	(108,128)	(91,689)
Education and Welfare		(33,162)	(55,321)	(23,219)
Housing		(164,808)	(173,609)	(151,776)
Community Amenities		(245,332)	(268,464)	(233,959)
Recreation & Culture		(551,816)	(561,498)	(470,814)
Transport		(2,618,320)	(2,785,252)	(2,364,127)
Economic Services		(122,717)	(161,244)	(123,408)
Other Property and Services		(26,896)	(29,086)	(48,920)
<b>2(a)</b>		<b>(4,610,713)</b>	<b>(4,829,510)</b>	<b>(4,226,216)</b>
<b>Financial Costs</b>				
Governance		(628)	0	(814)
Housing		(2,334)	(2,962)	(2,956)
Community Amenities		(3,357)	0	0
Recreation & Culture		(8,891)	(10,194)	(12,210)
<b>2(a)</b>		<b>(15,210)</b>	<b>(13,156)</b>	<b>(15,980)</b>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		0	0	297,834
Law, Order, Public Safety		758,192	0	415,880
Housing		0	900,000	0
Community Amenities		100,000	100,000	0
Recreation & Culture		70,443	80,715	74,200
Transport		505,871	799,431	711,482
		<b>1,434,506</b>	<b>1,880,146</b>	<b>1,499,396</b>
<b>Fair Value Decrement to Fixed Assets</b>				
Other Property and Services				(156,977)
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(18,103)	464	2,246
Law, Order, Public Safety		0	0	(10,573)
Housing		(110,418)	0	0
Community Amenities		(9,652)	0	0
Recreation & Culture		(8,678)	0	0
Transport		0	(55,551)	18,971
Other Property and Services		(1,616)	(9,592)	0
		<b>(148,467)</b>	<b>(64,679)</b>	<b>10,644</b>
<b>Net Result</b>		<b>(423,636)</b>	<b>(175,055)</b>	<b>281,071</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	4,051,871	0	0
<b>Total Other Comprehensive Income</b>		<b>4,051,871</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b>3,628,235</b>	<b>(175,055)</b>	<b>281,071</b>

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



**SHIRE OF VICTORIA PLAINS  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,656,289	2,518,665
Trade and Other Receivables	4	221,817	236,196
Inventories	5	56,205	4,830
<b>TOTAL CURRENT ASSETS</b>		<b>1,934,310</b>	<b>2,759,691</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	290,737	7,375
Property, Plant and Equipment	6	11,687,483	7,106,659
Infrastructure	7	14,102,583	14,034,270
<b>TOTAL NON-CURRENT ASSETS</b>		<b>26,080,803</b>	<b>21,148,304</b>
<b>TOTAL ASSETS</b>		<b>28,015,114</b>	<b>23,907,995</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	450,875	235,970
Current Portion of Long Term Borrowings	9	52,550	36,620
Provisions	10	182,306	173,550
<b>TOTAL CURRENT LIABILITIES</b>		<b>685,731</b>	<b>446,140</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	467,253	219,803
Provisions	10	16,040	24,194
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>483,293</b>	<b>243,997</b>
<b>TOTAL LIABILITIES</b>		<b>1,169,024</b>	<b>690,137</b>
		<b>26,846,090</b>	<b>23,217,855</b>
<b>EQUITY</b>			
Retained Surplus		21,631,030	22,054,249
Reserves - Cash Backed	11	1,163,189	1,163,606
Revaluation Surplus		4,051,871	0
<b>TOTAL EQUITY</b>		<b>26,846,090</b>	<b>23,217,855</b>

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

**SHIRE OF VICTORIA PLAINS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2012</b>		<b>21,871,441</b>	<b>1,065,343</b>	<b>0</b>	<b>22,936,784</b>
Comprehensive Income					
Net Result		281,071	0	0	281,071
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		<u>281,071</u>	<u>0</u>	<u>0</u>	<u>281,071</u>
Transfers from/(to) Reserves		(98,263)	98,263	0	0
<b>Balance as at 30 June 2013</b>		<b>22,054,249</b>	<b>1,163,606</b>	<b>0</b>	<b>23,217,855</b>
Comprehensive Income					
Net Result		(423,636)	0	0	(423,636)
Total Comprehensive Income		<u>(423,636)</u>	<u>0</u>	<u>4,051,871</u>	<u>3,628,235</u>
Transfers from/(to) Reserves		417	(417)	0	0
<b>Balance as at 30 June 2014</b>		<b>21,631,030</b>	<b>1,163,189</b>	<b>4,051,871</b>	<b>26,846,090</b>

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

**SHIRE OF VICTORIA PLAINS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		2,053,722	2,067,326	1,966,822
Operating Grants, Subsidies and Contributions		556,725	487,868	700,375
Fees and Charges		172,581	182,022	177,760
Interest Earnings		96,864	76,778	104,059
Goods and Services Tax		(20,510)	0	0
Other Revenue		84,139	103,481	48,275
		<u>2,943,521</u>	<u>2,917,475</u>	<u>2,997,292</u>
<b>Payments</b>				
Employee Costs		(1,058,323)	(1,239,799)	(942,527)
Materials and Contracts		(782,157)	(960,044)	(722,575)
Utility Charges		(94,344)	(72,835)	(80,522)
Interest Expenses		(13,251)	(163,573)	(175,567)
Insurance Expenses		(177,983)	(13,156)	(15,380)
Other Expenditure		(230,662)	(280,706)	(256,476)
		<u>(2,356,720)</u>	<u>(2,730,113)</u>	<u>(2,193,047)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>586,801</u>	<u>187,362</u>	<u>804,245</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(1,284,602)	(1,665,049)	(1,017,329)
Payments for Construction of Infrastructure		(1,671,316)	(2,007,024)	(1,147,768)
Non-Operating Grants, Subsidies and Contributions		1,434,506	1,880,146	1,499,397
Proceeds from Sale of Fixed Assets		100,855	209,000	93,899
<b>Net Cash Provided by (Used in) Investment Activities</b>		<u>(1,420,557)</u>	<u>(1,582,927)</u>	<u>(571,802)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(36,620)	(36,619)	(40,141)
Proceeds from Self Supporting Loans		(292,000)	0	0
Proceeds from New Debentures		300,000	0	0
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(28,620)</u>	<u>(36,619)</u>	<u>(40,141)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(862,376)</u>	<u>(1,432,184)</u>	<u>192,302</u>
Cash at Beginning of Year		2,518,665	2,514,520	2,326,363
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>1,656,289</u></u>	<u><u>1,082,336</u></u>	<u><u>2,518,665</u></u>

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

**SHIRE OF VICTORIA PLAINS  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>Revenue</b>				
Governance		8,270	6,601	9,175
General Purpose Funding		524,394	506,679	1,200,880
Law, Order, Public Safety		834,099	48,903	452,694
Health		4,484	3,811	3,453
Education and Welfare		1,000	0	0
Housing		69,111	953,080	55,166
Community Amenities		168,099	166,832	70,516
Recreation and Culture		89,323	95,952	99,016
Transport		514,181	805,955	737,536
Economic Services		36,837	26,950	43,345
Other Property and Services		41,088	50,665	39,238
		<u>2,290,886</u>	<u>2,665,428</u>	<u>2,711,019</u>
<b>Expenses</b>				
Governance		(327,641)	(316,453)	(359,635)
General Purpose Funding		(213,876)	(210,973)	(207,216)
Law, Order, Public Safety		(236,637)	(159,482)	(162,840)
Health		(92,008)	(108,128)	(91,689)
Education and Welfare		(33,162)	(55,321)	(23,219)
Housing		(277,560)	(176,571)	(154,732)
Community Amenities		(258,341)	(268,464)	(233,959)
Recreation and Culture		(569,385)	(571,692)	(483,024)
Transport		(2,618,321)	(2,840,803)	(2,364,127)
Economic Services		(122,717)	(161,244)	(123,408)
Other Property and Services		(29,004)	(38,678)	(48,920)
		<u>(4,778,652)</u>	<u>(4,907,809)</u>	<u>(4,252,769)</u>
<b>Net Result Excluding Rates</b>		<b>(2,487,766)</b>	<b>(2,242,381)</b>	<b>(1,541,750)</b>
<b>Adjustments for Cash Budget Requirements:</b>				
(Profit)/Loss on Asset Disposals	20	148,466	64,679	(10,644)
DFES non-cash Grant (donated Fire Tender)		(758,192)	0	(415,880)
Purchase Fire Tender (donated by DFES)		758,192	0	415,880
Movement in Deferred Pensioner Rates (Non-Current)		(3,125)	0	570
Movement in Employee Benefit Provisions (Non-current)		(8,154)	0	(6,468)
Depreciation and Amortisation on Assets	2(a)	2,109,333	2,116,997	2,002,764
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings	6(a)	(118,328)	(1,005,252)	(61,833)
Purchase Furniture and Equipment	6(a)	(37,400)	(24,797)	(45,722)
Purchase Plant and Equipment	6(a)	(153,329)	(370,000)	(269,000)
Purchase Motor Vehicles	6(a)	(975,545)	(265,000)	(640,774)
Purchase Roads	7(a)	(1,221,690)	(1,499,429)	(1,014,777)
Purchase Footpaths	7(a)	(55,257)	0	0
Purchase Other Infrastructure	7(a)	(394,369)	(507,595)	(132,991)
Proceeds from Disposal of Fixed Assets	20	100,855	209,000	93,899
Repayment of Debentures	21(a)	(36,620)	(36,619)	(40,141)
Proceeds from New Debentures	21(a)	300,000	0	0
Proceeds from Self Supporting Loans		(292,000)	0	0
Transfers to Reserves (Restricted Assets)	11	(39,583)	(32,000)	(870,415)
Transfers from Reserves (Restricted Assets)	11	40,000	218,270	772,152
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,184,565	1,309,423	967,895
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	124,179	2,622	1,184,565
<b>Total Amount Raised from General Rate</b>	<b>22(a)</b>	<b><u>(2,064,125)</u></b>	<b><u>(2,067,326)</u></b>	<b><u>(1,981,801)</u></b>

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

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical Accounting Estimates**

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

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

**The Local Government Reporting Entity**

All Funds through which the Council 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.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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.

**(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 Council's intentions to release for sale.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or-
      - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

***Land Under Control***

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

***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 Council 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.

***Transitional Arrangements***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** Methodology section as detailed above.

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

As a consequence, the principles embodied in AASB 13 - Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).



SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

**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 Council.

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

Buildings	50 years
Furniture and Equipment	5 - 33 years
Plant and Equipment	
- Extended term (eg Graders, Rollers, Tractors)	20 years
- Long term (eg Loaders, Heavy Trucks)	10 - 15 years
- Medium term (eg Medium Trucks)	10 years
- Short term (eg Light Trucks, Cars, Utes)	4 - 5 years
- Temporary (eg Ride on Mowers)	3 years
Infrastructure Assets	
- Road earthworks/formation	75 years
- Road seals (aggregate)	15 years
- Roads (unsealed) - gravel	12 years
- Roads (unsealed) - formed	10 years
- Drains/sewers	75 years
- Footpaths (concrete)	50 years
- Footpaths (slab)	20 years
- Kerbing	50 years
- Sportsgrounds	75 years

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

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

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

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

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

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Fair Value is the price that Council 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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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 Council 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 Council are consistent with one or more of the following valuation approaches:

**Market approach**

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

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 Council 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 and 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 at least every 3 years.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Amortised cost is calculated as:

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

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

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

***(iv) Available-for-sale financial assets***

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

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

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

***(v) Financial liabilities***

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

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 Council 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 Council'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 Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Council'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 Council'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 Council'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 Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council 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.

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Provisions**

Provisions are recognised when the Council 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 Council, 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.

**(o) Investment in Associates**

An associate is an entity over which the Council 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 Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council'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 Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council 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 Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.



**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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 in 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 Council'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 Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**(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 Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council'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 Council 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 VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 Council.

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	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 Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]  [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.  It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities  [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.  This Standard is not expected to significantly impact the Council's financial statements.

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(v) AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.
(vi) AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	It is not expected to have a significant impact on Council.  This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.  It is not expected to have a significant impact on Council.
(vii) AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments  [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards.  Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.  Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised Accounting Standards**

During the current year, the Council 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:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014 \$	2013 \$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Significant Expense</b>		
There were no items of significant expense for the financial years 2013/14 or 2012/13.		
<b>Auditors Remuneration</b>		
- Audit of the annual financial report	9,600	12,298
- Assistance with the finalisation of the annual financial report	1,200	2,915
<b>Depreciation</b>		
Non-Specialised Buildings	93,738	84,146
Construction other than Buildings	25,222	20,287
Furniture and Equipment	17,026	24,767
Plant and Equipment	136,121	145,411
Motor Vehicles	234,225	210,224
Roads	1,536,135	1,456,690
Footpaths	2,737	2,047
Other Infrastructure	64,130	59,191
	<u>2,109,333</u>	<u>2,002,764</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures (refer Note 21.(a))	15,210	15,980
	<u>15,210</u>	<u>15,980</u>
<b>Other Revenue</b>		
Other	84,139	44,129
	<u>84,139</u>	<u>44,129</u>
	<b>2014 Actual \$</b>	<b>2014 Budget \$</b>
<b>Interest Earnings</b>		<b>2013 Actual \$</b>
- Self Supporting Loans	295	0
- Reserve Funds	41,081	43,420
- Other Funds	41,772	47,408
Other Interest Revenue (refer note 26)	13,717	13,232
	<u>96,864</u>	<u>104,059</u>

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

The Shire of Victoria Plains is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

Members expenses and the costs associated with Council and Committee meetings.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and revenue.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various local laws, administration of the Shire's Volunteer Bushfire Brigades, fire prevention, Rural Watch and animal control.

**HEALTH**

Food control, mosquito control, analytical expenses and assistance to St John Ambulance sub-centres.

**EDUCATION AND WELFARE**

Maintenance of school ovals, and awards to schools.

**HOUSING**

Maintenance of staff and non-staff residences.

**COMMUNITY AMENITIES**

Provision and maintenance of a sewerage system, refuse collection services, operation of refuse sites, noise control, operation of the Calingiri Cemetery, administration of a Town planning Scheme, Shire Development.

**RECREATION AND CULTURE**

Maintenance of halls, recreation centre, various reserves and the operation of 3 libraries.

**TRANSPORT**

Construction and maintenance of roads, bridges, drainage works, footpaths, traffic signs and town streets.

**ECONOMIC SERVICES**

Tourism, pest control services, promotion of Land Conservation measures and implementation of building controls.

**OTHER PROPERTY AND SERVICES**

Private Works carried out by Council, Public Works Overhead allocations.

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUE AND EXPENSES (Continued)**

<b>(c) Conditions Over Grants/Contributions</b>		<b>Opening Balance <sup>(1)</sup> 1/07/12 \$</b>	<b>Received <sup>(2)</sup> 2012/13 \$</b>	<b>Expended <sup>(3)</sup> 2012/13 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/13 \$</b>	<b>Received <sup>(2)</sup> 2013/14 \$</b>	<b>Expended <sup>(3)</sup> 2013/14 \$</b>	<b>Closing Balance 30/06/14 \$</b>
<b>Grant/Contribution</b>	<b>Function/ Activity</b>							
Royalties for Regions	Various	107,075	297,834	(85,606)	319,303	0	(319,303)	0
Aglime Route 2	Transport	6,751	122,320	(129,071)	0	0	0	0
Roads to Recovery	Transport	9,814	228,981	(238,795)	0	228,983	(228,983)	0
<b>Total</b>		<b>123,640</b>	<b>649,135</b>	<b>(453,472)</b>	<b>319,303</b>	<b>228,983</b>	<b>(548,286)</b>	<b>0</b>

**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 VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	2014 \$	2013 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		493,101	1,035,756
Restricted		1,163,188	1,482,909
		<u>1,656,289</u>	<u>2,518,665</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	72,616	70,144
Plant Reserve	11	291,860	281,928
Housing Reserve	11	184,339	178,066
Sewerage Scheme Reserve	11	70,086	67,701
Motor Vehicle Reserve	11	0	0
Refuse Site Reserve	11	294,263	284,250
Building Maintenance Reserve	11	85,780	107,861
Infrastructure Reserve	11	157,608	167,245
Gymnasium Equipment Reserve	11	6,636	6,410
Unspent Grants	2(c)	0	319,303
		<u>1,163,188</u>	<u>1,482,909</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding		39,421	32,148
Sundry Debtors		79,537	133,462
GST Receivable		89,096	68,586
Loans - Clubs/Institutions		13,763	2,000
Fuel Rebate Receivable		0	0
		<u>221,817</u>	<u>236,196</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		4,500	1,375
Loans - Clubs/Institutions		286,237	6,000
		<u>290,737</u>	<u>7,375</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and Materials		56,205	4,830
		<u>56,205</u>	<u>4,830</u>

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Buildings</b>		
Freehold Land at:		
- Independent Valuation 2014	1,136,000	0
- Cost	<u>0</u>	<u>54,968</u>
	1,136,000	54,968
<b>Total Land</b>	<u>1,136,000</u>	<u>54,968</u>
Non-Specialised Buildings at:		
- Independent Valuation 2014	6,084,500	0
- Cost	<u>0</u>	<u>4,845,299</u>
Less: Accumulated Depreciation	<u>0</u>	<u>(1,601,783)</u>
	6,084,500	3,243,516
Construction other than Buildings at:		
- Independent Valuation 2014	0	0
- Cost	1,084,194	1,080,368
Less: Accumulated Depreciation	<u>(165,034)</u>	<u>(139,812)</u>
	919,160	940,556
<b>Total Buildings</b>	<u>7,003,660</u>	<u>4,184,072</u>
<b>Total Land and Buildings</b>	<u>8,139,660</u>	<u>4,239,040</u>
<b>Furniture and Equipment at:</b>		
- Management Valuation 2013	113,189	113,189
- Additions after Valuation - Cost	37,400	0
Less Accumulated Depreciation	<u>(17,026)</u>	<u>0</u>
	133,563	113,189
<b>Plant and Equipment at:</b>		
- Management Valuation 2013	1,341,377	1,341,376
- Additions after Valuation - Cost	153,329	0
Less Accumulated Depreciation	<u>(136,121)</u>	<u>0</u>
	1,358,585	1,341,376
<b>Motor Vehicles at:</b>		
- Management Valuation 2013	1,413,055	1,413,054
- Additions after Valuation - Cost	975,545	0
- Disposals	(112,933)	0
Less Accumulated Depreciation	<u>(219,992)</u>	<u>0</u>
	2,055,675	1,413,054
	<u>11,687,483</u>	<u>7,106,659</u>

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**  
**(a) 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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land (Level 2,3)	54,968	0	(22,552)	1,103,584	0	0	1,136,000
Land Vested In and Under the Control of Council (Level 3)	0	0	0	0	0	0	0
<b>Total Land</b>	<b>54,968</b>	<b>0</b>	<b>(22,552)</b>	<b>1,103,584</b>	<b>0</b>	<b>0</b>	<b>1,136,000</b>
Non-Specialised Buildings (Level 3)	3,243,516	114,502	(128,067)	2,948,287	0	(93,738)	6,084,500
Construction other than Buildings	940,556	3,826	0	0	0	(25,222)	919,160
<b>Total Buildings</b>	<b>4,184,072</b>	<b>118,328</b>	<b>(128,067)</b>	<b>2,948,287</b>	<b>0</b>	<b>(118,960)</b>	<b>7,003,660</b>
<b>Total Land and Buildings</b>	<b>4,239,040</b>	<b>118,328</b>	<b>(150,620)</b>	<b>4,051,871</b>	<b>0</b>	<b>(118,960)</b>	<b>8,139,659</b>
Furniture and Equipment (Level 3)	113,189	37,400	0	0	0	(17,026)	133,563
Plant and Equipment (Level 2)	1,341,376	153,329	0	0	0	(136,121)	1,368,584
Motor Vehicles (Level 1)	1,413,054	975,545	(98,701)	0	0	(234,225)	2,055,674
<b>Total Property, Plant and Equipment</b>	<b>7,106,659</b>	<b>1,284,602</b>	<b>(249,320)</b>	<b>4,051,871</b>	<b>0</b>	<b>(506,331)</b>	<b>11,687,481</b>

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
<b>7. INFRASTRUCTURE</b>		
Roads		
- Cost	50,101,057	48,879,366
Less Accumulated Depreciation	<u>(37,789,589)</u>	<u>(36,253,452)</u>
	12,311,468	12,625,914
 Footpaths		
- Cost	192,095	136,838
Less Accumulated Depreciation	<u>(14,959)</u>	<u>(12,222)</u>
	177,136	124,616
 Other Infrastructure		
- Cost	4,592,236	4,197,867
Less Accumulated Depreciation	<u>(2,978,257)</u>	<u>(2,914,127)</u>
	1,613,979	1,283,740
	<u>14,102,583</u>	<u>14,034,270</u>

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**7. INFRASTRUCTURE (Continued)**

**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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	12,625,914	1,221,690	0	0	0	(1,536,135)	12,311,468
Footpaths	124,616	55,257	0	0	0	(2,737)	177,136
Other Infrastructure	1,283,740	394,369	0	0	0	(64,130)	1,613,979
<b>Total</b>	<b>14,034,270</b>	<b>1,671,316</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,603,002)</b>	<b>14,102,584</b>

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2013 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	372,491	205,545
Accrued Interest on Debentures	3,667	1,708
Accrued Salaries and Wages	33,181	28,717
ATO Liabilities	41,536	0
Excess Rates Receipt	0	0
	<u>450,875</u>	<u>235,970</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by Floating Charge Debentures	52,550	36,620
	<u>52,550</u>	<u>36,620</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	467,253	219,803
	<u>467,253</u>	<u>219,803</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

Analysis of Total Provisions

Current	182,306	173,550
Non-Current	16,040	24,194
	<u>198,346</u>	<u>197,744</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	68,437	129,307	197,744
Additional provision	(2,368)	2,969	601
Amounts used	0	0	0
Used amount reserved	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2014	<u>66,069</u>	<u>132,276</u>	<u>198,345</u>

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	2014 \$	2014 Budget \$	2013 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	70,144	69,656	67,527
Amount Set Aside / Transfer to Reserve	2,472	2,090	2,617
Amount Used / Transfer from Reserve	0	0	0
	<u>72,616</u>	<u>71,746</u>	<u>70,144</u>
<b>(b) Plant Reserve</b>			
Opening Balance	281,928	269,650	326,409
Amount Set Aside / Transfer to Reserve	9,932	7,795	284,519
Amount Used / Transfer from Reserve	0	(58,000)	(329,000)
	<u>291,860</u>	<u>219,445</u>	<u>281,928</u>
<b>(c) Housing Reserve</b>			
Opening Balance	178,066	176,826	171,422
Amount Set Aside / Transfer to Reserve	6,273	5,305	6,644
Amount Used / Transfer from Reserve	0	0	0
	<u>184,339</u>	<u>182,131</u>	<u>178,066</u>
<b>(d) Sewerage Scheme Reserve</b>			
Opening Balance	67,701	67,230	65,175
Amount Set Aside / Transfer to Reserve	2,385	2,017	2,526
Amount Used / Transfer from Reserve	0	0	0
	<u>70,086</u>	<u>69,247</u>	<u>67,701</u>
<b>(e) Refuse Site Reserve</b>			
Opening Balance	284,250	282,271	273,644
Amount Set Aside / Transfer to Reserve	10,013	8,586	10,606
Amount Used / Transfer from Reserve	0	0	0
	<u>294,263</u>	<u>290,857</u>	<u>284,250</u>
<b>(f) Building Maintenance Reserve</b>			
Opening Balance	107,861	107,111	103,837
Amount Set Aside / Transfer to Reserve	2,919	3,213	4,024
Amount Used / Transfer from Reserve	(25,000)	0	0
	<u>85,780</u>	<u>110,324</u>	<u>107,861</u>
<b>(g) Infrastructure Reserve</b>			
Opening Balance	167,245	166,081	54,157
Amount Set Aside / Transfer to Reserve	5,363	2,803	556,240
Amount Used / Transfer from Reserve	(15,000)	(160,270)	(443,152)
	<u>157,608</u>	<u>8,614</u>	<u>167,245</u>
<b>(h) Gymnasium Equipment Reserve</b>			
Opening Balance	6,410	6,366	3,171
Amount Set Aside / Transfer to Reserve	226	191	3,239
Amount Used / Transfer from Reserve	0	0	0
	<u>6,636</u>	<u>6,557</u>	<u>6,410</u>
<b>TOTAL RESERVES</b>	<u><u>1,163,188</u></u>	<u><u>958,921</u></u>	<u><u>1,163,605</u></u>

**SHIRE OF VICTORIA PLAINS**  
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**FOR THE YEAR ENDED 30TH JUNE 2013**

**11. RESERVES - CASH BACKED (continued)**

Total Opening Balance	1,163,605	1,145,191	1,065,342
Total Amount Set Aside / Transfer to Reserve	39,583	32,000	870,415
Total Amount Used / Transfer from Reserve	(40,000)	(218,270)	(772,152)
<b>TOTAL RESERVES</b>	<b><u>1,163,188</u></b>	<b><u>958,921</u></b>	<b><u>1,163,605</u></b>

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 funds are set aside are as follows:

- (a) Leave Reserve**  
- to be used to fund annual and long service leave requirements.
- (b) Plant Reserve**  
- to be used for the purchase of major plant.
- (c) Housing Reserve**  
- to be used in the procurement of staff housing.
- (d) Sewerage Scheme Reserve**  
- to be used to maintain and improve the Calingiri sewerage scheme.
- (e) Motor Vehicle Reserve**  
- to be used for the purchase of light vehicles.
- (f) Refuse Site Reserve**  
- to be used to fund future refuse site development.
- (g) Building Maintenance Reserve**  
- to be used for the long term maintenance of Shire buildings.
- (h) Infrastructure Reserve**  
- to be used for future infrastructure development to ensure long term Shire sustainability.
- (i) Gymnasium Equipment Reserve**  
- to be used for future purchases and replacement of gymnasium equipment.



**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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<b>12. REVALUATION SURPLUS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land &amp; Buildings</b>		
Opening Balance	0	0
Revaluation Increment	4,183,226	0
Revaluation Decrement	(131,355)	
	<u>4,051,871</u>	<u>0</u>
<b>(a) Plant &amp; Equipment</b>		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement		
	<u>0</u>	<u>0</u>
<b>(a) Roads</b>		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement		
	<u>0</u>	<u>0</u>
<b>(a) Other Infrastructure</b>		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement		
	<u>0</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>4,051,871</u></u>	<u><u>0</u></u>

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>1,656,289</u>	<u>1,082,336</u>	<u>2,518,665</u>

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

Net Result	(423,636)	(175,055)	281,071
Depreciation	2,109,333	2,116,997	2,002,764
(Profit)/Loss on Sale of Asset	148,466	64,679	(6,499)
(Increase)/Decrease in Receivables	23,017	65,331	(114,544)
(Increase)/Decrease in Inventories	(51,375)	0	9,284
Increase/(Decrease) in Payables	214,901	(4,444)	(56,556)
Increase/(Decrease) in Employee Provisions	602	0	31,145
Grants Contributions for the Development of Assets	(1,434,506)	(1,880,146)	(1,499,397)
Loss on Revaluation of Fixed Assets	0		
Non-Current Assets recognised due to changes in legislative requirements	<u>0</u>	<u>0</u>	<u>156,977</u>
Net Cash from Operating Activities	<u>586,801</u>	<u>187,362</u>	<u>804,245</u>

**(c) Undrawn Borrowing Facilities**
**Credit Standby Arrangements**

	2014 \$	2013 \$
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	5,000
Credit Card Balance at Balance Date	<u>(12)</u>	<u>(2,941)</u>
<b>Total Amount of Credit Unused</b>	<u>19,988</u>	<u>2,059</u>

**Loan Facilities**

Loan Facilities - Current	52,550	36,620
Loan Facilities - Non-Current	<u>467,253</u>	<u>219,803</u>
<b>Total Facilities in Use at Balance Date</b>	<u>519,803</u>	<u>256,423</u>

**Unused Loan Facilities at Balance Date**

	<u>NIL</u>	<u>NIL</u>
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**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**14. CONTINGENT LIABILITIES**

There are no contingent liabilities to report for the financial year 2013/14.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

There are no finance lease commitments to report for the financial year 2013/14..

**(b) Operating Lease Commitments**

There are no operating lease commitments to report for the financial year 2013/14.

**(c) Capital Expenditure Commitments**

There are no capital expenditure commitments to report for the financial year 2013/14.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**16. JOINT VENTURE ARRANGEMENTS**

The shire together with Homewest have a joint venture agreement with regards to the provision of two aged persons units in Bolgart and four aged persons units in the Calingiri townsite. The only assets are Land and Buildings. Council's twenty per cent share of these assets is included in the Property, Plant and Equipment as follows:

	2014 \$	2013 \$
<b>Non-Current Assets</b>		
Land	8,000	7,488
Buildings	128,000	159,798
Plus: Additions current year	0	0
Less: Accumulated Depreciation	0	(39,590)
	<u>136,000</u>	<u>127,696</u>

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2014 \$	2013 \$
Governance	469,702	408,424
General Purpose Funding	66,195	34,350
Law, Order, Public Safety	1,610,041	754,944
Health	74	93
Education and Welfare	5,764	5,891
Housing	2,750,946	1,013,743
Community Amenities	1,068,614	590,601
Recreation and Culture	4,283,780	2,741,356
Transport	16,548,394	16,562,211
Economic Services	153,972	163,683
Other Property and Services	444,529	296,038
Unallocated	613,103	1,345,873
	<u>28,015,114</u>	<u>23,917,207</u>

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

	2014	2013	2012
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	1.26	3.86	3.76
Asset Sustainability Ratio	1.74	1.08	1.70
Debt Service Cover Ratio	5.14	14.26	40.12
Operating Surplus Ratio	(0.79)	(0.52)	(0.21)
Own Source Revenue Coverage Ratio	0.49	0.53	0.61

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 57 of this document.

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**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:

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Housing Bonds	5,586	2,200	(1,040)	6,746
BCITF	621	5,340	(5,370)	591
BSL	2,205	952	(1,006)	2,151
Hall Bonds	1,020	1,000	(600)	1,420
Tip Key Bonds	900	278	0	1,178
Licencing	3,739	283,558	(284,539)	2,759
Other	917	840	(860)	897
	<u>14,988</u>			<u>15,742</u>

**20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>						
CEO Vehicle	31,742	69,656	32,273	70,000	531	344
DCEO Vehicle	24,034	27,880	27,273	28,000	3,238	120
Community Resource Centre	21,873	0	0	0	(21,873)	0
<b>Housing</b>						
18 George Street, Bolgart	29,025	0	0	0	(29,025)	0
20 Milling Road, Yerecoin	29,016	0	0	0	(29,016)	0
10 Harrington St, Calingiri	37,277	0	0	0	(37,277)	0
7 Harrington St, Calingiri	2,500	0	0	0	(2,500)	0
Harrington St, Calingiri	4,360	0	0	0	(4,360)	0
Lot 97 Lambert Cres, Calingiri	2,611	0	0	0	(2,611)	0
Lot 184 George St, Bolgart	300	0	0	0	(300)	0
Lot 184 George St, Bolgart	2,828	0	0	0	(2,828)	0
Lot 191 George St, Bolgart	2,500	0	0	0	(2,500)	0
<b>Community Amenities</b>						
Public Toilets (demolished)	9,652	0	0	0	(9,652)	0
<b>Recreation and Culture</b>						
Bolgart Bowling Green Shed	659	0	0	0	(659)	0
Calingiri Hockey Club Shed	566	0	0	0	(566)	0
Bin Road, Calingiri	6,817	0	0	0	(6,817)	0
Reserve 32019, Yerecoin	636	0	0	0	(636)	0
<b>Transport</b>						
Mitsubishi Fuso Truck	0	48,415		35,000	0	(13,415)
Manitou	0	80,136		35,000	0	(45,136)
Free Roll Attachment	0	0		3,000	0	3,000
<b>Other Property and Services</b>						
Works Manager Vehicle	30,689	33,233	28,582	28,000	(2,107)	(5,233)
Building Ute	12,236	14,359	12,727	10,000	492	(4,359)
	<u>249,320</u>	<u>273,679</u>	<u>100,855</u>	<u>209,000</u>	<u>(148,466)</u>	<u>(64,679)</u>
				Profit	4,261	3,464
				Loss	(152,727)	(68,143)
					<u>(148,466)</u>	<u>(64,679)</u>

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>								
LOAN 69 Council Chambers Roof	10,036		3,125	3,125	6,911	6,912	628	628
<b>Housing</b>								
LOAN 68 Staff Housing 13 Lambert Cres	37,359		11,608	11,608	25,752	25,763	2,334	2,334
<b>Community Amenities</b>								
LOAN 72 Droughtproofing Calingiri	52,841		7,445	7,445	45,396	45,397	3,357	3,357
<b>Recreation and Culture</b>								
LOAN 82 Calingiri Sports Pavilion	156,185	300,000	14,441	14,441	141,744	141,744	6,933	6,837
LOAN 83 Calingiri Football Club*		300,000	0	0	300,000	0	1,959	0
	256,421	300,000	36,620	36,619	519,803	219,816	15,210	13,156

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

All other loan repayments were financed by general purpose revenue.

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
LOAN 83 Cailingiri Football Club*	300,000	0	Bendigo Bank	Flexi-loan	15	132,008	5.070	300,000	0	0
	300,000	0				132,008		300,000	0	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

The Shire did not have an overdraft facility as at 30 June 2014.



**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**22. RATING INFORMATION - 2013/14 FINANCIAL YEAR**

<b>(a) Rates</b>		<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>RATE TYPE</b>												
<b>General Rate GRV</b>		7.8875	232	1,823,600	143,836	403		144,240	146,293	0	0	146,293
<b>Unimproved Value Valuations UV</b>		0.7563	384	237,808,580	1,798,491	(2,262)		1,796,229	1,796,103	0	0	1,796,103
<b>Sub-Totals</b>			616	239,632,180	1,942,327	(1,859)	0	1,940,469	1,942,396	0	0	1,942,396
<b>Minimum Payment GRV</b>		420	74		31,080			31,080	31,080	0	0	31,080
<b>Unimproved Value Valuations UV</b>		550	66		36,300			36,300	36,850	0	0	36,850
<b>Sub-Totals</b>			140	0	67,380	0	0	67,380	67,930	0	0	67,930
<b>Ex-Gratia Rates</b>								2,007,849				2,010,326
<b>Discounts (refer note 25.)</b>								56,276				57,000
<b>Total Amount Raised From General Rate</b>								2,064,125				2,067,326
<b>Specified Area Rate (refer note 23.)</b>								0				0
<b>Totals</b>								2,064,125				2,067,326

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 13 Brought Forward</b>	<b>124,179</b>	<b>1,184,565</b>	<b>1,184,565</b>
<b><u>Comprises:</u></b>			
Cash and Cash Equivalents			
Unrestricted	493,101	1,035,756	1,035,756
Restricted	1,163,188	1,482,909	1,482,909
Receivables			
Rates Outstanding	39,421	32,148	32,148
Sundry Debtors	79,537	133,462	133,462
GST Receivable	89,096	68,586	68,586
Loans - Clubs/Institutions	13,763	2,000	2,000
Fuel Rebate Receivable	0	0	0
Inventories			
Fuel and Materials	56,205	4,830	4,830
<b><u>Less:</u></b>			
Trade and other Payables			
Sundry Creditors	(372,491)	(205,545)	(205,545)
Accrued Interest on Debentures	(3,667)	(1,708)	(1,708)
Accrued Salaries and Wages	(33,181)	(28,717)	(28,717)
ATO Liabilities	(41,536)	0	0
Excess Rates Receipt	0	0	0
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(52,550)	(36,620)	(36,620)
Provisions			
Provision for Annual Leave	(66,069)	(68,437)	(68,437)
Provision for Long Service Leave	(116,237)	(105,113)	(105,113)
<b><u>Net Current Assets</u></b>	<b><u>1,248,580</u></b>	<b><u>2,313,551</u></b>	<b><u>2,313,551</u></b>
Less:			
Reserves - Restricted Cash	(1,163,188)	(1,163,606)	(1,163,606)
Loans - Clubs/Institutions	(13,763)	(2,000)	(2,000)
Add:			
Secured by Floating Charge Debentures	52,550	36,620	36,620
<b>Surplus/(Deficit)</b>	<b><u>124,179</u></b>	<b><u>1,184,565</u></b>	<b><u>1,184,565</u></b>

**Difference**

There was no difference between the Surplus/(Deficit) 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013 audited financial report.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR**

There were no Specified Area Rates for the financial year ended 30 June 2014.

**24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

The Shire did not impose any service charges for the financial year ended 30 June 2014.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2013/14 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Incentive	0.00%	2,000	2,000

An early payment incentive was offered via a draw for 4 x \$500 prizes for those ratepayers who paid total rates appearing on the rates notices by the due date.

Photocopy Charges are waived for certain community groups such as the local newsletter, St John Ambulance and Volunteer Bush Fire Brigade. Council considers support of these groups necessary for the overall benefit of the community.

**26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		8,195	3,000
Interest on Instalments Plan	5.50%		5,522	6,778
Charges on Instalment Plan		4.50	1,687	2,000
Pensioner Deferred Rate Interest	0		0	0
			15,404	11,778

Ratepayers had the option of paying rates in four equal instalments, due on 30th August 2013, 25th October 2013, 20th December 2013 and 14th February 2014. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2014 \$</b>	<b>2013 \$</b>
Governance	4,772	4,506
General Purpose Funding	6,139	1,973
Law, Order, Public Safety	2,629	1,018
Health	1,130	616
Education and Welfare	0	0
Housing	55,089	47,813
Community Amenities	65,563	65,901
Recreation and Culture	11,208	11,119
Transport	0	0
Economic Services	14,536	27,566
Other Property and Services	11,516	17,248
	<u>172,581</u>	<u>177,760</u>

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

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**28. GRANT REVENUE**

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

	2014 \$	2013 \$
<b>By Nature or Type:</b>		
Operating Grants, Subsidies and Contributions	502,800	873,026
Non-Operating Grants, Subsidies and Contributions	1,434,506	1,499,397
	<u>1,937,306</u>	<u>2,372,423</u>
<b>By Program:</b>		
Governance	73	5,022
General Purpose Funding	412,450	1,097,616
Law, Order, Public Safety	828,663	459,544
Health	0	0
Education and Welfare	1,000	0
Housing	0	0
Community Amenities	100,000	2,471
Recreation and Culture	73,169	76,244
Transport	506,801	731,526
Economic Services	0	0
Other Property and Services	15,150	0
	<u>1,937,306</u>	<u>2,372,423</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>20</u>	<u>18</u>
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**30. ELECTED MEMBERS REMUNERATION**

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

	2014 \$	2014 Budget \$	2013 \$
Meeting Fees	36,000	36,000	36,000
President's Allowance	4,000	4,000	4,000
Travelling Expenses	4,464	4,000	10,287
ICT Allowance	8,500	8,500	8,500
	<u>52,964</u>	<u>52,500</u>	<u>58,787</u>

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the financial year ended 30 June 2014.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the financial year ended 30 June 2014.

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT**

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

Council 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 Council held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	1,656,289	2,518,665	1,656,289	2,518,665
Receivables	512,554	243,571	512,554	243,571
	<u>2,168,843</u>	<u>2,762,236</u>	<u>2,168,843</u>	<u>2,762,236</u>
<b>Financial Liabilities</b>				
Payables	450,875	235,970	450,875	235,970
Borrowings	519,803	256,423	519,803	256,423
	<u>970,678</u>	<u>492,393</u>	<u>970,678</u>	<u>492,393</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

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

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

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	16,563	25,187
- Statement of Comprehensive Income	16,563 <sup>(2)</sup>	25,187 <sup>(*)</sup>

*Notes:*

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

<sup>(2)</sup> Maximum impact.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

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

**(b) Receivables**

Council'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. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

Council 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 Council's credit risk at balance date was:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	98%	98%
- Overdue	2%	2%



**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**33. FINANCIAL RISK MANAGEMENT**

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

Council 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 Council held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	1,656,289	2,518,665	1,656,289	2,518,665
Receivables	512,554	243,571	512,554	243,571
	<u>2,168,843</u>	<u>2,762,236</u>	<u>2,168,843</u>	<u>2,762,236</u>
<b>Financial Liabilities</b>				
Payables	450,875	235,970	450,875	235,970
Borrowings	519,803	256,423	519,803	256,423
	<u>970,678</u>	<u>492,393</u>	<u>970,678</u>	<u>492,393</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

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

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

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

Council manages these risks by diversifying its portfolio and only investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2014	2013
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	16,563	25,187
- Statement of Comprehensive Income	16,563 <sup>(2)</sup>	25,187 <sup>(*)</sup>

**Notes:**

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<sup>(2)</sup> Maximum impact.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

Council'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. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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Council 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 Council's credit risk at balance date was:

	<b>2014</b>	<b>2013</b>
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	98%	98%
- Overdue	2%	2%

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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. Council 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 Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2014</u></b>					
Payables	450,875			450,875	450,875
Borrowings	52,550	184,391	282,861	519,803	519,803
	<u>503,425</u>	<u>184,391</u>	<u>282,861</u>	<u>970,677</u>	<u>970,678</u>
<b><u>2013</u></b>					
Payables	235,970			235,970	235,970
Borrowings	49,776	163,781	95,914	309,471	256,423
	<u>285,746</u>	<u>163,781</u>	<u>95,914</u>	<u>545,441</u>	<u>492,393</u>

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2014**

**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. Council 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
	\$	\$	\$	\$	\$	\$	\$	%
<b>Year Ended 30 June 2014</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	0	32,662	0	0	45,396	441,744	519,803	5.06%
Weighted Average Effective Interest Rate		6.78%			6.58%	4.78%		
<b>Year Ended 30 June 2013</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	0	0	0	0	47,396	209,026	256,422	5.33%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	6.76%	5.00%		

SHIRE OF VICTORIA PLAINS  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2014

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

	2014	2013	2012
Asset Consumption Ratio	0.383	0.340	N/A
Asset Renewal Funding Ratio	1.086	1.083	N/A

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

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceeding years (being 2012 and 2011) have not been reported as financial information is not available.

## INDEPENDENT AUDIT REPORT 30TH JUNE 2014



### Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Street Address:	Postal Address:	By Appointment:
Unit 8		Level 28, AMP Tower
210 Winton Road	PO Box 229	140 St Georges Terrace
JOONDALUP WA 6027	JOONDALUP DC WA 6919	PERTH WA 6000
T: (08) 9300 0400 E: reception@amwaudit.com.au		
W: www.amwaudit.com.au ABN 59 125 425 274		
Liability limited by a scheme approved under Professional Standards Legislation		

#### INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF VICTORIA PLAINS

##### Scope

We have audited the financial report of Shire of Victoria Plains for the year ended 30 June 2014. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

##### Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Victoria Plains. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



### Independence

Anderson Munro & Wyllie are independent of the Shire of Victoria Plains, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the financial statements of the Shire of Victoria Plains are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2014 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

### Other Matters

During the course of our audit we noted the following breaches of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996:

- The 2013/2014 Budget was not prepared in accordance with (Financial Management) Regulation 27(c)(i) as it did not contain the due dates for the rates instalments.
- For one of the tenders called during 2013/2014 the Tenders Register failed to include the amount of consideration for the tender which was accepted by Council in accordance with (Functions & General) Regulation 17 (3).

### Statutory Compliance

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

- a) Except for the issues identified in the above 'Other Matters' paragraph we did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ration Information presented at page 57 of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i) Based on verifiable information, and
  - ii) Reasonable assumptions.

Dated the 17<sup>th</sup> day of November 2014 in Perth, Western Australia

**BILLY-JOE THOMAS**  
Director

**ANDERSON MUNRO & WYLLIE**  
Chartered Accountants



Financial Ratios as at 30<sup>th</sup> June 2014

## 1. ASSET SUSTAINABILITY RATIO

Capital Renewal and Replacement Expenditure	3,672,073	
	-----	
Depreciation Expense	2,109,333	= 1.741

If above

Ratio >

1.1 Indicates a local government is investing in asset renewal/replacement to the degree that offsets the current consumption of its assets (1.00) and provides for the effect of inflation.

If above

Ratio

between

0.9 and

1.1 The local government is in between providing sufficient sustained capital investment and not providing enough. It is almost an "early warning" stage. The local government will need to try and improve its level of renewal/replacement if it hopes to maintain the level of service potential of its capital infrastructure.

If above

Ratio <

0.9

Indicates the local government is having difficulty undertaking a sustained capital investment program sufficient to renew/replace assets while also negating the effect of inflation on purchasing power over time.

## 2. DEBT SERVICE COVER RATIO

Annual Operating Surplus Before Interest and Dep'n	266,401	
- operating revenue	(423,636)	
- less: specific purpose grants	(1,434,506)	
- less: specific purpose contributions		
- less: operating expense		
- add: interest expense	15,210	
- add: depreciation	2,109,333	
	-----	= 5.140
Principal and Interest	51,830	
- principal repayments on loans	36,620	
- interest repayments on loans	15,210	
- interest repayments on O/D		

If above Ratio > 10 Accept as reasonable.

If above Ratio

between 5 and 10

The local government needs to exercise caution around its debt management to help ensure its longer term financial position.

If above Ratio < 5

Debt management may be an issue and needs to be considered in context of the overall financial position.

### 3. OPERATING SURPLUS RATIO

#### Operating Revenue Minus Operating Expense

- operating revenue
- less: specific purpose grants
- less: specific purpose contributions
- less: operating expense

(1,858,142)
(423,636)
(1,434,506)
0

----- =

**-0.795**

#### Own Source Operating Revenue

- rates and service charges
- add: fees and user charges
- add: reimbursements and recoveries
- add: interest income
- add: profit on disposal of assets

2,337,831
2,064,125
172,581
0
96,864
4,261

**If above Ratio > 0.15**

The local government is providing a strong operating surplus which will give flexibility in relation to future operational service levels and asset base.

**If above Ratio between 0.00 and 0.15**

The operating surplus should be closely monitored with improvements made where possible to increase the capacity to give flexibility in relation to future operational service levels and asset base.

**If above Ratio <= 0.00**

The local government is experiencing an operating deficit.

### 4. OWN SOURCE REVENUE RATIO

#### Own Source Operating Revenue

- rates and service charges
- add: fees and user charges
- add: reimbursements and recoveries
- add: interest income
- add: profit on disposal of assets

2,337,831
2,064,125
172,581
0
96,864
4,261

----- =

**0.489**

#### Operating Expense

4,782,912
-----------

**If above Ratio > 0.9**

Satisfactory.

**If above Ratio between 0.6 and 0.9**

The local government will need to improve this ratio if it hopes to maintain and improve the current service level of its asset base.

**If above Ratio < 0.6**

The local government needs to examine the level of its own source revenue given current levels of operating expenses.

## 5. ASSET CONSUMPTION RATIO

Depreciated Replacement Cost of Assets	24,654,066	=	0.383
Current Replacement Cost of Depreciable Assets	64,416,660		

**If Ratio > 0.6** Indicates a local government is investing in asset renewal to a level where a high percentage of the local government depreciable assets remain in an 'as new' condition.

**If Ratio between 0.5 and 0.6** Care needs to be exercised as the local government is in danger of slipping into the level where it will have difficulty maintaining the "aged" condition of its assets.

**If Ratio < 0.5** Indicates the local government is having difficulty undertaking a sustained capital investment program sufficient to renew assets at a level equal to maintain the average 'aged' condition of the assets.

## 6. ASSET RENEWAL FUNDING RATIO (ARFR)

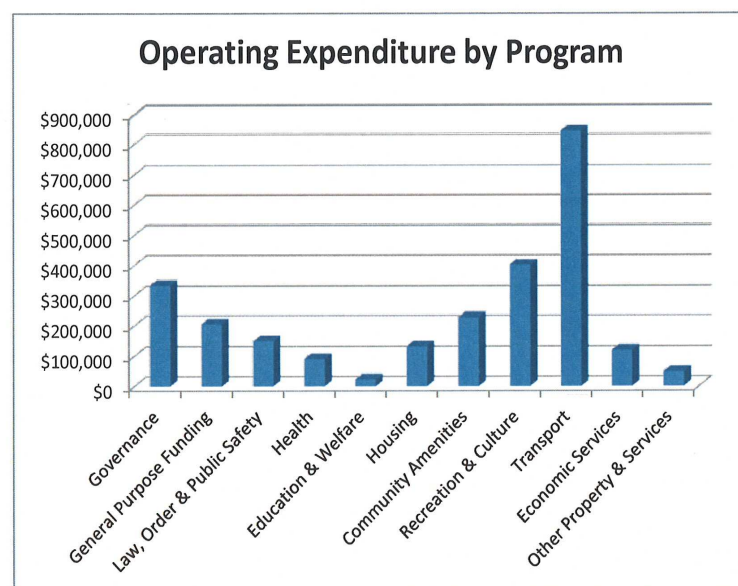
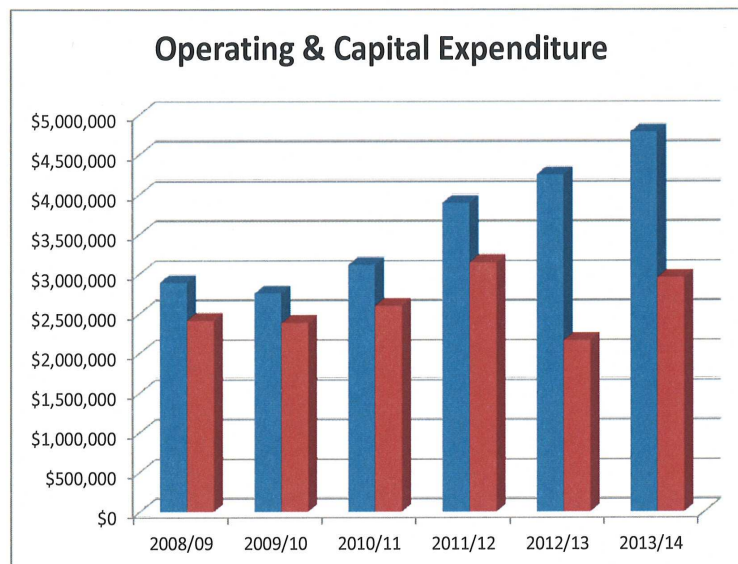
NPV of Planned Capital Renewals Over 10 years	20,057,933	=	1.086
NPV of Required Capital Expenditure Over 10 years	18,474,493		

**If above Ratio > 0.95** Indicates a local government is investing in asset renewal to the degree that offsets the current consumption of its assets (1.00) and provides for the effect of inflation.

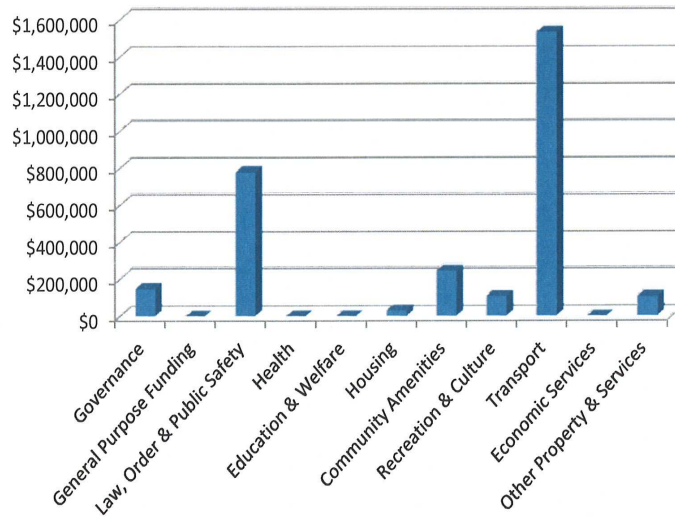
**If above Ratio between 0.75 and 0.95** The local government needs to exercise caution and adjusts plans over the longer term to ensure it invests sufficiently to maintain the service potential of its assets.

**If above Ratio < 0.75** Indicates the local government is having difficulty undertaking a sustained capital investment program sufficient to renew assets while also negating the effect of inflation on purchasing power over time.

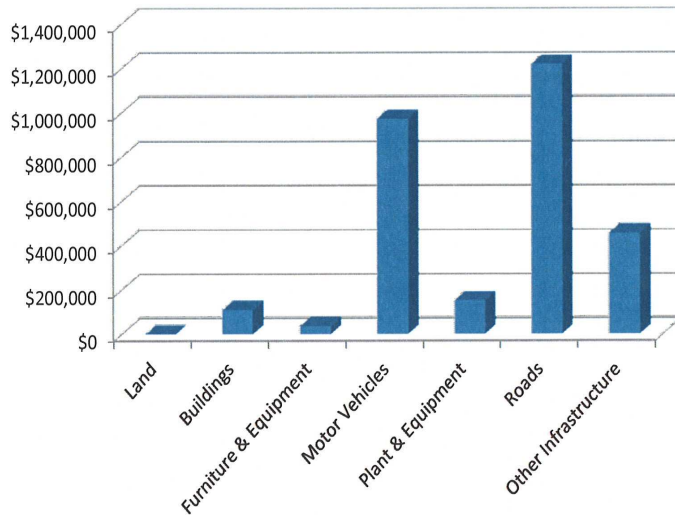
## OPERATING AND CAPITAL COSTS 2013/2014

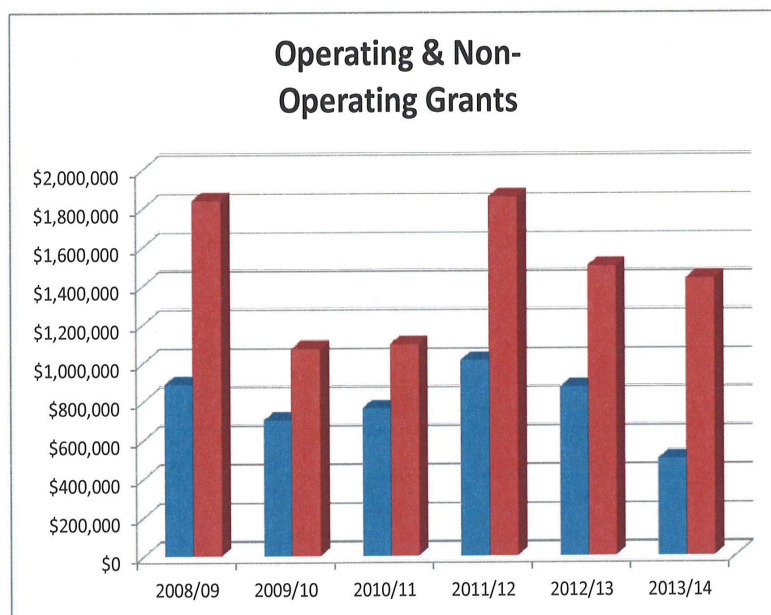
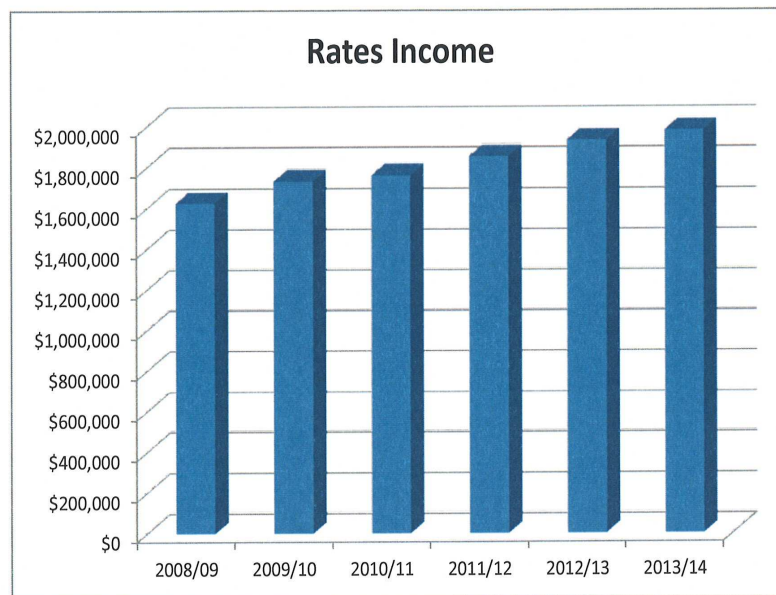


**Capital Expenditure by Program**



**Capital Expenditure by Type**





## COUNCILLORS

The Shire is divided into four wards, Central, East, South and West each represented by two Councillors, except for the West Ward which is represented by three.

### Central Ward



Cr John Brennan  
Retires 2017

Cr Steven Young  
Retires 2015



Cr David Smith  
Retires 2015



Cr Barry Johnson  
Retires 2017

### South Ward



Cr Stephanie Penn  
Retires 2017



Cr David Holmes  
Retires 2015

### West Ward



Cr David Lovelock  
Retires 2017

Cr Laurie Rive  
Retires 2015



Cr Jim Kelly  
Retires 2017

## STAFF

### **Senior Staff**

Chief Executive Officer	Mr Harry Hawkins
Manager of Finance and Administration	Mr Ian Graham
Works Manager	Mr Greg Stephens
Health, Building and Planning	Mr Linton Thomas (Building/Health)
	Mr Brendan Jeans (Planning)
	Ms Kelly Ford (Building)
	Mr Glenn Sargeson (Health)

### **Office Staff**

Executive Assistant	Mrs Fiona Watson
Senior Finance Officer	Mrs Susan Mills
Finance Officer/Rates	Mrs Meryl Robertson
Administration/Library Officer	Mrs Jenni Harris & Mrs Peta Shales
Community Development Officer	Ms Jaime Hawkins
Community Emergency Services Officer	Mrs Vicki Booth

### **Field Staff**

Grader Drivers	Mr Michael Hyatt
	Mr Robert O'Brien
Plant Operators	Mr Richard Smith
	Mr Don Bald
	Mr Kim Watson
	Mr Gavin Eastwood
Town Maintenance/Plant Operator	Mr Don Westlake
	Mr Garry Stewart
Building Maintenance Officer	Mr Paul Spowart
Engineering Support Officer	Mr Shayne Willcocks
Depot Clerk	Mr Dean Shales

**Caravan Park Caretaker** -Bolgart Mrs Annette Lee

**Caravan Park Caretaker** -Calingiri Ms Lisabeth Hooper

**Librarians**—Bolgart Mrs Sue Ludemann  
Ms Rosina Ainsworth

**Librarians**—Mogumber Mrs Phyllis Toms  
Mrs Joan Harvey



## STATISTICS AND FACTS

Area	2,563km <sup>2</sup>
Distance from Perth	140km
Population	931 ( <i>Australian Bureau of Statistics 2012</i> )
Number of Electors	581 ( <i>WA Electoral Commission 2013</i> )
Number of Dwellings	510 ( <i>Australian Bureau of Statistics 2012</i> )

Towns:-  
 Bolgart  
 Calingiri  
 Gillingarra  
 Mogumber  
 New Norcia  
 Piawaning  
 Yerecoin

Local Industries:-  
 Wheat  
 Barley  
 Canola  
 Lupins  
 Hay  
 Oats  
 Sheep  
 Cattle  
 Pigs  
 Tourism

Length Sealed Roads:-	246.84 km
Length Unsealed Roads:-	577.93 km
Structural Asphaltic Concrete:-	0.07 km
Total Roads Length (km)	824.84 km

Shire of Victoria Plains

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Calingiri WA 6569

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