

1 JULY 2014 TO 30 JUNE 2015
SHIRE OF VICTORIA PLAINS



ANNUAL REPORT



TABLE OF CONTENTS

ANNUAL REPORT	1
TABLE OF CONTENTS	1
A Message From The President.....	2
From the Chief Executive Officer.....	3
Finance and Administration Manager’s Report	4
From the Works and Services Department.....	7
From the Shared Resources Desk	11
Shire of Victoria Plains – Service Structure	14
National Competition Policy.....	15
Freedom of Information Statement	17
Disability Access Plan	17
Records Management	17
Register of Complaints.....	17
Information on Payments to Employees	18
Plan for the Future.....	18
Review and update of Strategic Plans.....	18
Strategic Plans - Significant Variations.....	19
Financial report for the year ended 30 th June 2015	20
Independent audit report 30 th June 2015	78
Financial Ratios as at 30 th June 2015	81
Operating and Capital Costs 2014/2015	84
Staff	88
Statistics and Facts.....	89

A MESSAGE FROM THE PRESIDENT



This last year has seen a continuation of solid economic performance for the Shire, enabling us to keep rate increases to a modest amount. Federal government policy to remove inflation for some grants could hurt in the future. The audit report was very good with only very minor issues needing addressing and the ratios quite acceptable.

Some changes of staff have occurred. We welcome newcomers to the team and look forward to working with them. Thank you to those who have left for their service to the Shire and we wish them success and fulfilment in their future.

Special mention must be made of Fiona Watson. Fiona served the Shire for 17 years. Her dedication, knowledge, understanding and capability was acknowledged and appreciated by all of us who worked with her. Thank you Fiona.

The Council and I thank sincerely all the volunteers throughout the Shire who offer their services so willingly in so many ways - we could not do without you.

The Centenary ANZAC service was a highlight of the years community activities - a privilege for us all to be able to honour and remember those who served in the First World War.

I thank our Deputy Shire President, Cr Penn, all Councillors and staff for their continued efforts for the benefit of our Shire - making it indeed "A Place To Grow".

David Lovelock
Shire President

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FROM THE CHIEF EXECUTIVE OFFICER



The 2014-2015 financial year was disappointing from some points of view as issues with the water supply and rodeo arena at Mogumber continued to create divisions within the community out west and Works Manager Greg Stephens resigned amid continuing staff issues at the works depot. The Shire continues to consult with all parties to try to reach a compromise decision that would allow the residents of Mogumber sustainable access to the water supply and the Outback Club access to parts of the Mogumber reserve while respecting Aboriginal heritage and conservation of flora and fauna.

The Bolgart Community Emergency Water Supply that was noted as being operational in last years annual report has undergone a significant amount of additional work to improve the volume of water available from the caravan park standpipe and the camlock connections at both locations. Unfortunately the supply is still not fully operational however staff and contractors will continue in their endeavours to have it all complete by the beginning of the fire fighting season.

Plans have continued for the Piawaning Community Emergency Water Supply project and have changed several times as we try to develop a system that will meet the needs of the community without significant cost impost on ratepayers. At the end of the 2014-2015 year water testing was being undertaken to gauge its suitability for a reverse osmosis desalination plant. Results are looking good and it is hoped that sometime in the beginning of summer the supply may be a reality. The finalisation of the Piawaning project would see the whole Shire drought proofed with emergency water supplies in Calingiri, Mogumber, Gillingarra, Bolgart and Piawaning although some people would like to also see a supply in New Norcia. This is being considered.

The Community Strategic Plan was updated during the year with meetings held in each ward to gain an understanding of what the community would like the Shire to prioritise in the next ten years. Two of the main things to come out of the meetings was the need for some form of public transport and the need for more aged persons housing in the Shire to compliment the existing joint venture units which exclude many local residents due to the requirements for entry. The Shire through their membership of Avon Regional Organisation of Councils (AROC) is working with the Wheatbelt Development Commission to make the town sites in the Shire more aged friendly.

Road works continue to be a focus for Council with the completion of the widening of the Gillingarra New Norcia Road commencing this year along with heavy patching on many sealed roads within the Shire. The Wirrilda Road project was again held up and had to be carried forward to 2015-2016 due to appeals against the clearing permit issued to allow the work to continue.

I would once again conclude by thanking the Shire staff and Councillors for their help and support during the 2014-2015 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



NET SURPLUS/DEFICIT CARRIED FORWARD

The 2014-15 financial year has resulted in a net surplus carried forward of \$713,415 against a budget net surplus carried forward of \$0.

The 2014-15 surplus carried forward resulted from advance payments on 2015-16 Federal Assistance Grants of \$484,169 and 2015-16 DFES Operating Grant of \$12,105 received in June 2015, along with capital projects carried over to the 2015-16 year as follows:-

Major Capital Projects carried over to 2015-16:-	
- 4 x Aged Persons Units net cost	\$25k
- Regional Road Group project net cost	\$139k
- Drainage Bolgart project	\$105k

OPERATING SURPLUS/DEFICIT

The 2014-15 actual operating surplus was \$199,706 (before Fair Value revaluations) against a budgeted operating deficit of (\$156,172). This was due to an increase in operating revenue of \$592,578 (mostly due to an increase in operating grants as detailed above, plus an increase in Fees & Charges of \$52,868, and an increase in Other Revenue of \$34,438); a reduction in operating expenditure of \$667,923 (mostly due to a reduction in depreciation charged on fixed assets, following a review of depreciation rates) and a reduction in non-operating grants of \$949,224 (CLGF funding of \$900,000 for aged persons units carried over to 2015-16).

Total Comprehensive Income was \$84,750,288 after allowing for a revaluation increment of \$84,550,582 (refer below) resulting from "Fair Value" revaluations on Infrastructure assets.

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 30th June 2013: Plant & Equipment
- Year-ended 30th June 2014: Land & Buildings OR Infrastructure
- Year-ended 30th 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 30th June 2015 as follows:

Asset Class	Book Value 30/6/15	Fair Value 30/6/15	Gain/(Loss)
Construction other than Buildings	\$907,040	\$1,725,778	\$818,738
Roads	\$12,263,058	\$91,031,759	\$78,768,701
Footpaths	\$173,294	\$447,999	\$274,705
Other Infrastructure	\$1,639,401	\$6,327,839	\$4,688,438
TOTAL:	\$14,982,793	\$99,533,375	\$84,550,582

BORROWINGS

As at 30th June 2015, the total borrowings were \$467,183. There were no new borrowings during the 2014-15 financial year. Debt principal repaid during the year was \$52,550.

INTEREST

Interest earnings for the financial year 2014-15 amounted to \$75,927 against a budget of \$78,550. Of the interest income, \$29,434 resulted from short term investments on Reserve funds and \$15,831 from Municipal funds.

Interest expense on borrowings for the year amounted to \$25,713 (2013-14 \$15,210).

RATES

Income from rates amounted to \$2,158,419 (2013-14 \$2,064,125), including ex-gratia rates of \$60,420 (2013-14 \$56,276).

An early payment incentive cash prize draw of 4 x \$500 was again available to all ratepayers who made full payment of rates (including all arrears and current charges) by the due date.

ROADS

Total road grants income received for the financial year amounted to \$1,207,053 (2013-14 \$1,022,448) as follows:

- WA State Government Regional Road Grants (Projects) \$58,645
- WA State Government Direct Road Grant \$103,700
- Roads to Recovery Funding \$228,983
- Footpath Grant \$20,000
- Federal Assistance Grants 2014-15 (Roads) \$518,601
- Federal Assistance Grants 2015-16 in advance (Roads) \$277,124

Total road expenditure was \$1,853,141 (2013-14 \$2,228,790) as follows:

- Road Construction: \$868,326 (2014-15 Budget \$1,235,786)
- Road Maintenance: \$984,815 (2014-15 Budget \$1,010,369)

The major road construction works were:-

- Roads to Recovery Program – Toodyay-Bindi Bindi Road
- The Shire funded:-
 - New Norcia-Gillingarra Road
 - Calingiri-New Norcia Road
 - Gillingarra West Road
 - Yerecoin-Glentromie Road
 - Goomalling-Calingiri / Corondine Road intersection.

PLANT

Items of major plant purchased during the 2014-15 financial year were:-

Volvo BL71B Backhoe Loader	\$146,878
Bobcat T650 Track Loader	\$91,456

CASH BACKED RESERVES

As at 30th June 2015, the cash-backed Reserves balance was \$899,263 (2013-14 \$1,163,188), against an original budgeted closing balance of \$803,039. An amount of \$100,000 was budgeted to be transferred from the Housing Reserve for construction of the aged persons units in Calingiri and Bolgart, however the project was carried over to the 2015-16 year.

RESERVES			
	2014-15 ACTUAL	2014-15 BUDGET	2013-14 ACTUAL
Opening Balance	\$1,163,188	\$1,166,309	\$1,163,605
Transfers	(\$263,925)	(\$363,270)	(\$417)
Closing Balance	\$899,263	\$803,039	\$1,163,188

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

Information Technology:-

- A new Server was purchased as part of the IT replacement program.
- Councillors were supplied with iPads for electronic distribution of agendas, minutes, corporate and strategic documents and email.

As part of the Bendigo Bank Agency operation, the 2014-15 budget included an amount of \$4k to assist with the installation of an ATM at the Shire Administration Office in Calingiri. Due to delays between Bendigo Bank and the ATM supplier signing the ATM agreement, this project was carried over to 2015-16.

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 2015-16.

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 Shire income streams.

Granted Revenue

External funding is the major income stream for capital works and major maintenance of the Shires assets. In the 2014/2015 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
- Council and Direct Road Funding

Works and Service Functions

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

Council Funded Projects

- Minor road patching on Calingiri-New Norcia Rd and Toodyay Bindi Bindi Rd
- Heavy road patching on Yerecoin-Glentromie Rd, Goomalling-Calingiri-Corondine intersection and Goomalling-Calingiri Rd
- Graveling on Gillingarra West Rd
- Shoulder Grading and widening on Behanging Rd for 4.2km
- Town storm water drainage, on Waters Edmonds Street
- Town storm water drainage, on Bolgart East and Smith St design works

Roads to Recovery Project

- Heavy patching of failed road on the Toodyay Bindi Bindi Rd

Regional Roads Group Funding

- Design works on Gillingarra-Glentromie Rd

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. The Shire owns two caterpillar 120M graders and maintains 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 with the contract being extended into the 2015/2016 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 the Shires sporting fields, passive parkland areas, road verges, streetscapes and street trees.

Plant

The Shire purchased/replaced the following items in this reporting period:

- Purchase: Various Light Plant
- Purchase and replace: two utes for the gardener and grader
- Purchase and replace: skid steer loader and trailer
- Purchase and replace: Back-Hoe
- Purchase of a speed & info display panel
- Purchase of two fuel pods

Waste Management

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

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

Drum Muster

The Shire 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

The Shire maintains a strategic focus in respect to the development and maintenance of road infrastructure assets. Through the use of the “ROMAN II” System, the Shire 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.

Shire officers are continually collecting traffic counts and classification data to support the deterioration modelling which assists the preparation of the Shires 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

The Shire 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 eleven staff and at times casual staff that operate 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 undertake 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 role as a Shire 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 2014/2015 year.

Completed by David Holland on behalf of Greg Stephens

Works and Services Manager

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FROM THE SHARED RESOURCES DESK

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Food Act:

The annual report submitted in September didn't reach the Department of Health (DoH) for reasons unknown and it was repeated again a couple of months later.

Not all food premises were inspected because of the restraint of time, however this is being remedied and now all but one has not been done.

It is pleasing to note that all food premises inspected were all very good and only minor compliance issues were encountered. These have been remedied.

No discrepancies were noted in regards to compliance to the Food Act and Building Regulations.

Building Activity:

Generally during the past financial year, building activity for this Shire and the others that I represent e.g. Goomalling and Dowerin, has not been as robust as in previous years. There are signs though, from the enquiries I have had by phone and email, this situation may ramp up a little but it is noted that the cost of new housing has really escalated, particularly in rural areas.

Speaking with builders reveals that the main source of tradespeople for this region, notably Northam, has been slowly diminishing and increasingly, they don't want to come into the country from the metro areas as they have plenty of work there.

The situation has become, "if the price is right" they will work in rural areas, thus some specific tradies costs have risen for rural building work.

Public Buildings:

More attention is needed to complete the work started by the Chittering EHO when he was engaged to work here and I will be attempting to follow up on this area that requires compliance.

Work is still outstanding with the Benedictine Community and the hold-up is with the Heritage Commission, which I think has to approve the funding.

Waste Management:

This has been handled by the CEO and Works Supervisor for the last couple of years, who have tackled the compliance issues in regards to meeting the licensing conditions relating to the Shire Refuse sites.

In many Shires, this role has become the domain of these two identities, as they control the workforce and machinery to do the required works that are necessary to meet compliance. The EHO is removed from this scenario and if he or she is delegated to deal with the annual compliance reports, they have to go to the aforementioned people to get the information and this generally becomes very cumbersome.

It is appreciated that the SOVP has adopted this assumption as the limited time I have would not be conducive to favourable outcomes.

My role has been to attend to the actual licensing requirements for the sites.

Disability & Access Inclusion Plan:

The annual report has been furnished to the Disability Commission and a new outcome No. 7 has been inserted.

This outcome is to demonstrate that no prejudice or discrimination will be encountered by persons with a disability, being able to apply to the SOVP for employment.

Waste Water Services Tri-annual Audit:

As Council would be acutely aware of the cost of this audit demanded by the Economic Regulation Authority, (ERA), there has been considerable dialogue with affected Councils (19 of) who have their own sewerage and effluent disposal systems.

For our part, the Shires I represent have had a meeting with the CEO of the Water Licensing Authority and also had communication with the Hon. Minister of Water, Ms Mia Davies.

The problem is, that these 19 Shires are bundled together with the likes of the Water Corporation, Busselton Water and the Kalgoorlie/Boulder water service providers and we are expected to have the same conditions, policies and internal regulations as the larger providers.

This is clearly unfair and as pointed out to the authorities, prior to the intervention of the ERA, we had been self regulated since the inception of our own schemes, being checked by independent Environmental Health Officers (EHO) employed by other Shires.

The Water Licensing Services are now, following on from concerted submissions from affected Councils, conducting a “public assessment” on the pro's and benefits of these Councils being exempted from licensing.

I made 2 submissions on behalf of the 3 Councils to the CEO of Water Licensing Authority and to the Hon. Minister for Water, Mia Davies.

The feed-back I have received is favourable and the inspection - compliance regime “may” be conducted by independent EHO's who have the scientific knowledge to understand how these systems are supposed to operate, rather than be audited by expensive consultants (e.g. from Queensland) who deal mainly with figures and paperwork.

Post Audit Implementation Plan:

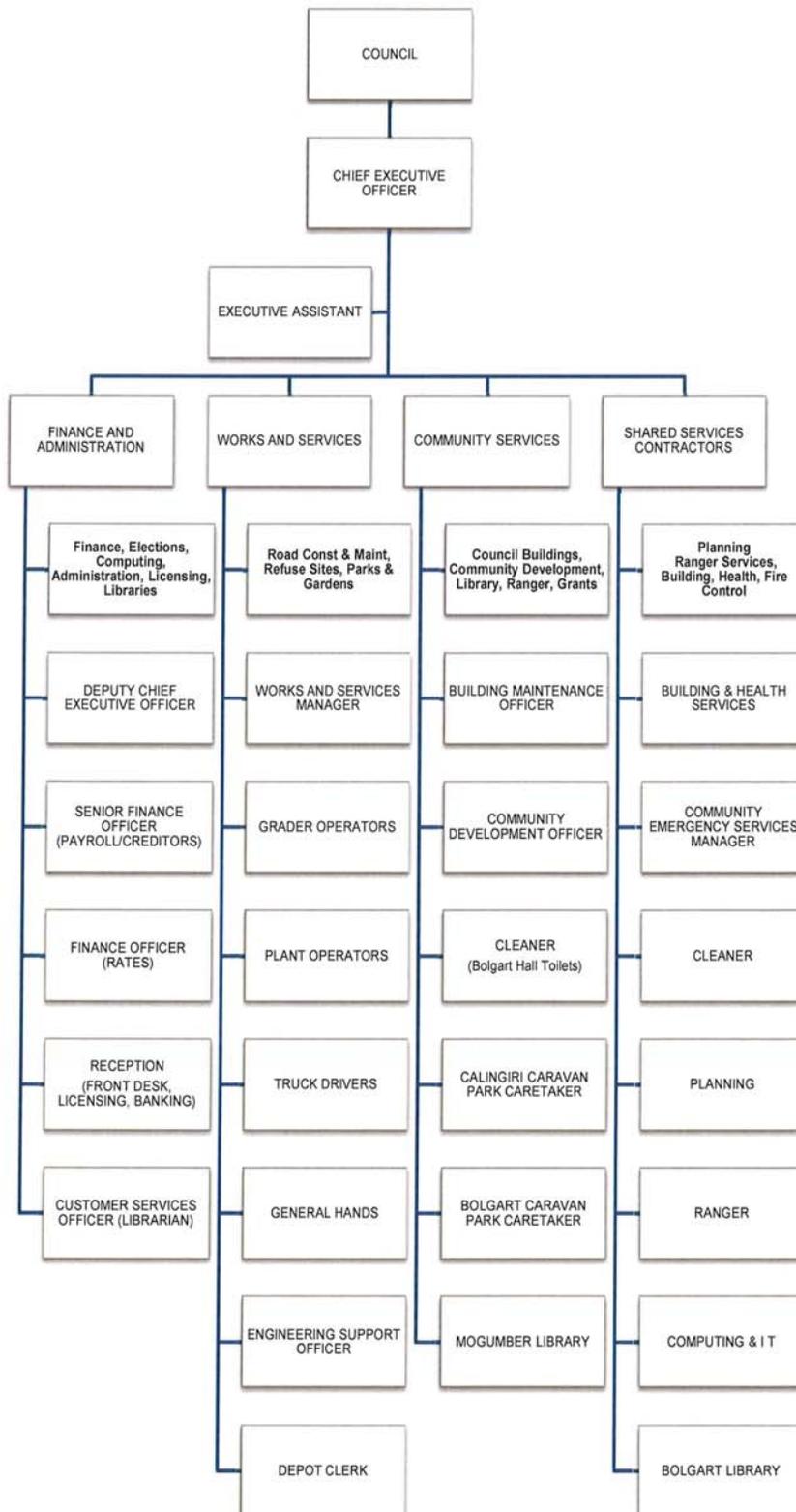
Due to the aforementioned detail on the possible exemption for Licensing of the Shires Water Services License. I have not progressed the meeting of compliance issues as detailed as deficient, in the audit conducted in February.

Some of the non compliance issues identified are due to be rectified by December 2015, many by February 2016 and the last of them in June 2016.

It is hoped that the Exemption will be awarded before the end of this year which should negate having to complete the Post Audit Implementation Plan.

Linton Thomas
Principal Environmental Health Officer

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 Councils 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 remove 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 full 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 the Shire 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 Shire activities.

Structural Reform

In this area, the Shire 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 Shire have “exclusive or near exclusive control of the market supply of this service?”

2 Dual Function

Does the Shire have both a regulatory and supply function in this area of activity?

3 Willing Competitors

If the Shire 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 Shire 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, the Shire 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 FOI requests.

DISABILITY ACCESS PLAN

The Disability Services Act requires council to maintain a Disability Services Plan to ensure that accessibility to Shire 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 an update 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 was updated in September 2014.

Under the Plan the Shire of Victoria Plains maintains recordkeeping training and staff induction programs to ensure that Shire employees are informed of their responsibilities in regard to recordkeeping.

REGISTER OF COMPLAINTS

There were no entries made in the complaints register under Section 5.121 of the Local Government Act 1995 during the 2014-15 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.

During the 2014-15 financial year, the Shire of Victoria Plains had one (1) employee who received 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 30th June 2013.

The Shire of Victoria Plains Strategic Community Plan and Corporate Business Plan were adopted by Council in June 2013 and reviewed in 2015.

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

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.

STRATEGIC PLANS - SIGNIFICANT VARIATIONS

FAIR VALUE

A major variation for the 2014-15 financial year was the re-valuation of Infrastructure Assets under “Fair Value”, which resulted in a gain on revaluation of \$84.6m.

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 30th June 2013: Plant & Equipment
- Year-ended 30th June 2014: Land & Buildings OR Infrastructure
- Year-ended 30th 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 Infrastructure assets as at 30th June 2015 as follows:

Asset Class	Book Value 30/6/15	Fair Value 30/6/15	Gain/(Loss)
Construction other than Buildings	\$907,040	\$1,725,778	\$818,738
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Footpaths	\$173,294	\$447,999	\$274,705
Other Infrastructure	\$1,639,401	\$6,327,839	\$4,688,438
TOTAL:	\$14,982,793	\$99,533,375	\$84,550,582

OTHER SIGNIFICANT VARIATIONS TO STRATEGIC PLANS (BY PROGRAM)

PROGRAM	ITEM	BUDGET \$	ACTUAL \$	EXPLANATION
GENERAL PURPOSE FUNDING	Financial Assistance Grants	\$927,209	\$1,416,637	Advance payment on 2015-16 grants of \$484,619 received in June 2015.
HOUSING	Royalties for Regions	\$900,000	\$0.00	Construction did not commence as in the 2014-15 year. Project has been carried-over to 2015-16 year.

FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2015

SHIRE OF VICTORIA PLAINS FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2015

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	59
Supplementary Ratio Information	60

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

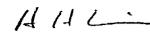
**SHIRE OF VICTORIA PLAINS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 day of 2015



Harry Hawkins
Chief Executive Officer

**SHIRE OF VICTORIA PLAINS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	2,158,419	2,159,704	2,064,125
Operating Grants, Subsidies and Contributions	28	1,506,889	997,709	502,800
Fees and Charges	27	217,878	165,010	172,581
Interest Earnings	2(a)	75,927	78,550	96,864
Other Revenue		91,089	56,651	84,140
		<u>4,050,202</u>	<u>3,457,624</u>	<u>2,920,510</u>
Expenses				
Employee Costs		(1,254,662)	(1,132,242)	(1,104,925)
Materials and Contracts		(981,154)	(1,011,705)	(897,728)
Utility Charges		(75,275)	(80,405)	(94,344)
Depreciation on Non-Current Assets	2(a)	(1,537,593)	(2,293,344)	(2,109,334)
Interest Expenses	2(a)	(25,713)	(27,524)	(15,210)
Insurance Expenses		(184,409)	(172,746)	(177,983)
Other Expenditure		(272,972)	(281,735)	(230,662)
		<u>(4,331,778)</u>	<u>(4,999,701)</u>	<u>(4,630,186)</u>
		(281,576)	(1,542,077)	(1,709,676)
Non-operating Grants, Subsidies and Contributions				
Contributions	28	469,006	1,418,230	1,434,506
Profit on asset disposals	20	13,985	2,098	4,261
Loss on asset disposals	20	(1,709)	(34,423)	(152,728)
		<u>469,006</u>	<u>1,418,230</u>	<u>1,434,506</u>
		(281,576)	(1,542,077)	(1,709,676)
Net result		199,706	(156,172)	(423,636)
Other comprehensive income				
Changes on revaluation of non-current assets	12	84,550,582	0	4,051,871
		<u>84,550,582</u>	<u>0</u>	<u>4,051,871</u>
Total other comprehensive income		84,550,582	0	4,051,871
		<u>84,550,582</u>	<u>(156,172)</u>	<u>3,628,235</u>
Total comprehensive income		84,750,288	(156,172)	3,628,235

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Governance		7,852	6,194	4,501
General Purpose Funding		3,660,908	3,177,846	2,597,042
Law, Order, Public Safety		68,793	52,171	75,907
Health		4,670	3,484	4,484
Education and Welfare		1,750	0	1,000
Housing		65,586	59,701	69,111
Community Amenities		76,928	67,414	68,099
Recreation and Culture		32,121	29,428	18,880
Transport		9,218	6,575	8,310
Economic Services		38,621	26,764	36,837
Other Property and Services		83,755	30,145	40,600
		<u>4,050,202</u>	<u>3,459,722</u>	<u>2,924,771</u>
Expenses				
Governance		(350,929)	(347,330)	(305,141)
General Purpose Funding		(231,663)	(228,296)	(213,876)
Law, Order, Public Safety		(283,209)	(301,781)	(236,637)
Health		(87,606)	(121,802)	(92,008)
Education and Welfare		(30,264)	(40,105)	(33,162)
Housing		(176,372)	(173,293)	(164,808)
Community Amenities		(273,221)	(292,721)	(245,332)
Recreation and Culture		(592,503)	(551,483)	(551,816)
Transport		(2,086,281)	(2,768,447)	(2,618,320)
Economic Services		(137,094)	(137,469)	(122,717)
Other Property and Services		(56,923)	(11,548)	(35,419)
		<u>(4,306,065)</u>	<u>(4,974,275)</u>	<u>(4,619,236)</u>
Finance costs				
	2(a)			
Governance		(378)	(413)	(628)
Housing		(1,344)	(1,534)	(2,334)
Community Amenities		0	0	(3,357)
Recreation and Culture		(23,991)	(24,827)	(8,891)
Transport		0	(750)	0
		<u>(25,713)</u>	<u>(27,524)</u>	<u>(15,210)</u>
Non-operating grants, subsidies and contributions				
Law, Order, Public Safety		0	0	758,192
Housing		6,000	900,000	0
Community Amenities		39,200	10,000	100,000
Recreation and Culture		12,478	13,543	70,443
Transport		411,328	494,687	505,871
	28	<u>469,006</u>	<u>1,418,230</u>	<u>1,434,506</u>
Profit/(Loss) on disposal of assets				
Governance		5,018	(1,477)	(18,103)
Housing		0	0	(110,418)
Community Amenities		0	0	(9,652)
Recreation and Culture		0	0	(8,678)
Transport		5,932	(25,038)	0
Other property and services		1,326	(5,810)	(1,616)
	20	<u>12,276</u>	<u>(32,325)</u>	<u>(148,467)</u>
Net result		199,706	(156,172)	(423,636)
Other comprehensive income				
Changes on revaluation of non-current assets	12	84,550,582	0	4,051,871
Total other comprehensive income		<u>84,550,582</u>	<u>0</u>	<u>4,051,871</u>
Total comprehensive income		<u><u>84,750,288</u></u>	<u><u>(156,172)</u></u>	<u><u>3,628,235</u></u>

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

**SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,829,846	1,656,289
Trade and other receivables	4	150,283	221,817
Inventories	5	<u>15,808</u>	<u>56,205</u>
TOTAL CURRENT ASSETS		<u>1,995,937</u>	<u>1,934,311</u>
NON-CURRENT ASSETS			
Other receivables	4	276,267	290,737
Property, plant and equipment	6	12,377,954	11,687,483
Infrastructure	7	<u>97,807,597</u>	<u>14,102,583</u>
TOTAL NON-CURRENT ASSETS		<u>110,461,818</u>	<u>26,080,803</u>
TOTAL ASSETS		<u>112,457,755</u>	<u>28,015,114</u>
CURRENT LIABILITIES			
Trade and other payables	8	224,881	450,877
Current portion of long term borrowings	9	55,642	52,550
Provisions	10	<u>143,909</u>	<u>182,305</u>
TOTAL CURRENT LIABILITIES		<u>424,432</u>	<u>685,732</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	411,611	467,253
Provisions	10	<u>25,335</u>	<u>16,040</u>
TOTAL NON-CURRENT LIABILITIES		<u>436,946</u>	<u>483,293</u>
TOTAL LIABILITIES		<u>861,378</u>	<u>1,169,025</u>
NET ASSETS		<u>111,596,377</u>	<u>26,846,089</u>
EQUITY			
Retained surplus		22,094,661	21,631,030
Reserves - cash backed	11	899,263	1,163,188
Revaluation surplus	12	<u>88,602,453</u>	<u>4,051,871</u>
TOTAL EQUITY		<u>111,596,377</u>	<u>26,846,089</u>

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 2015

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		22,054,249	1,163,605	0	23,217,854
Comprehensive income					
Net result		(423,636)	0	0	(423,636)
Changes on revaluation of non-current assets	12	0	0	4,051,871	4,051,871
Total comprehensive income		(423,636)	0	4,051,871	3,628,235
Transfers from/(to) reserves		417	(417)	0	0
Balance as at 30 June 2014		21,631,030	1,163,188	4,051,871	26,846,089
Comprehensive income					
Net result		199,706	0	0	199,706
Changes on revaluation of non-current assets	12	0	0	84,550,582	84,550,582
Total comprehensive income		199,706	0	84,550,582	84,750,288
Transfers from/(to) reserves		263,925	(263,925)	0	0
Balance as at 30 June 2015		22,094,661	899,263	88,602,453	111,596,377

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 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,148,401	2,159,704	2,053,722
Operating grants, subsidies and contributions		1,554,505	997,709	556,725
Fees and charges		217,878	165,010	172,581
Service charges		0	0	0
Interest earnings		75,927	78,550	96,864
Goods and services tax		34,642	0	0
Other revenue		91,089	58,748	84,139
		<u>4,122,442</u>	<u>3,459,721</u>	<u>2,964,031</u>
Payments				
Employee costs		(1,277,686)	(1,132,242)	(1,058,323)
Materials and contracts		(1,172,386)	(1,115,010)	(782,157)
Utility charges		(75,275)	(80,405)	(94,344)
Interest expenses		(26,157)	(27,524)	(13,251)
Insurance expenses		(184,409)	(172,746)	(177,983)
Goods and services tax		0	0	(20,510)
Other expenditure		(272,972)	(283,833)	(230,662)
		<u>(3,008,885)</u>	<u>(2,811,760)</u>	<u>(2,377,230)</u>
Net cash provided by (used in) operating activities	13(b)	<u>1,113,557</u>	<u>647,962</u>	<u>586,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	0	0
Payments for purchase of property, plant & equipment		(1,503,699)	(1,706,366)	(1,284,602)
Payments for construction of infrastructure		(934,535)	(1,275,336)	(1,671,316)
Advances to community groups		0	0	0
Non-operating grants, Subsidies and contributions		469,006	1,418,230	1,434,506
Proceeds from sale of fixed assets		1,068,011	198,000	100,855
Proceeds from disposal of investments		0	0	0
Proceeds from advances		0	0	0
Net cash provided by (used in) investment activities		<u>(901,217)</u>	<u>(1,365,472)</u>	<u>(1,420,557)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(52,550)	(51,804)	(36,620)
Proceeds from self supporting loans		0	13,763	(292,000)
Proceeds from new debentures		0	30,000	300,000
Net cash provided by (used in) financing activities		<u>(38,786)</u>	<u>(8,041)</u>	<u>(28,620)</u>
Net increase (decrease) in cash held		173,554	(725,551)	(862,376)
Cash at beginning of year		1,656,289	1,657,552	2,518,665
Cash and cash equivalents at the end of the year	13(a)	<u>1,829,846</u>	<u>932,001</u>	<u>1,656,289</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 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		14,424	6,194	4,501
General Purpose Funding		1,502,489	1,018,142	532,911
Law, Order, Public Safety		68,793	52,171	834,099
Health		4,670	3,484	4,484
Education and Welfare		1,750	0	1,000
Housing		71,586	959,701	69,111
Community Amenities		116,128	77,414	168,099
Recreation and Culture		44,599	42,971	89,323
Transport		426,633	501,262	514,181
Economic Services		38,621	26,764	36,837
Other Property and Services		85,081	30,145	40,600
		<u>2,374,774</u>	<u>2,718,248</u>	<u>2,295,146</u>
Expenses				
Governance		(352,861)	(349,220)	(323,872)
General Purpose Funding		(231,663)	(228,296)	(213,876)
Law, Order, Public Safety		(283,209)	(301,781)	(238,637)
Health		(87,606)	(121,802)	(92,008)
Education and Welfare		(30,264)	(40,105)	(33,162)
Housing		(177,716)	(174,827)	(277,560)
Community Amenities		(273,221)	(292,721)	(258,341)
Recreation and Culture		(616,494)	(576,309)	(569,385)
Transport		(2,086,436)	(2,794,235)	(2,618,320)
Economic Services		(137,094)	(137,469)	(122,717)
Other Property and Services		(56,923)	(17,359)	(37,035)
		<u>(4,333,487)</u>	<u>(5,034,124)</u>	<u>(4,782,913)</u>
Net result excluding rates		(1,958,713)	(2,315,876)	(2,487,767)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	(12,276)	32,325	148,467
DFES non-cash Grant (donated Fire Tender)		0	0	(758,192)
Purchase Fire Tender (donated by DFES)		0	0	758,192
Movement in Deferred Pensioner Rates (non-current)		0	0	(3,125)
Movement in Employee Benefit Provisions (non-current)		9,295	0	(8,154)
Depreciation and Amortisation on Assets	2(a)	1,537,593	2,293,344	2,109,334
Capital Expenditure and Revenue				
Purchase Land held for Resale		0	0	0
Purchase of Land and Buildings	6(b)	(979,985)	(1,099,429)	(118,328)
Purchase Furniture & Equipment	6(b)	(41,250)	(69,937)	(37,400)
Purchase Plant & Equipment	6(b)	(275,525)	(317,000)	(153,329)
Purchase Motor Vehicles	6(b)	(206,938)	(220,000)	(975,545)
Purchase Roads	7(b)	(829,187)	(1,072,014)	(1,221,690)
Purchase Footpaths	7(b)	0	0	(55,257)
Purchase Other Infrastructure	7(b)	(105,347)	(203,322)	(394,369)
Proceeds from Disposal of Fixed Assets	20	1,068,011	198,000	100,855
Repayment of Debentures	21(a)	(52,550)	(51,804)	(36,620)
Proceeds from new Debentures	21(a)	0	30,000	300,000
Proceeds from Self Supporting Loans		13,764	13,763	(292,000)
Transfers to Reserves (restricted assets)	11	(31,345)	(32,000)	(39,583)
Transfers from Reserves (restricted assets)	11	295,270	395,270	40,000
ADD Estimated Surplus/(Deficit) July 1 b/fwd	22(b)	124,179	258,976	1,184,565
LESS Estimated Surplus/(Deficit) June 30 c/fwd	22(b)	713,415	0	124,179
Total amount raised from general rate	22(a)	<u>(2,158,419)</u>	<u>(2,159,704)</u>	<u>(2,064,125)</u>

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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Preparation**

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) **Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(c) **Cash and Cash Equivalents**

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

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) **Trade and Other Receivables**

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

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

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

(e) **Inventories**

General

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

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

Land held for sale

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

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

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

(f) **Fixed Assets**

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

Mandatory requirement to revalue non-current assets

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

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, the Shire 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.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	75 - 80 years
seal	30 years
- bituminous seals	30 years
- asphalt surfaces	30 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	35 years
Sewerage piping	100 years
Water supply piping and drainage systems	50 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Capitalisation threshold

Expenditure on items of equipment under \$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 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽ⁱ⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 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]	September 2012	1 January 2018	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 Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽ⁱ⁾	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	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 relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire 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 2015**

2. REVENUE AND EXPENSES	2015	2014	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Significant expense and revenue			
There were no items of significant expense or revenue for the financial years 2013/14 or 2014/15.			
Auditors remuneration			
- Audit of the annual financial report	10,100	9,600	
- Assistance with the finalisation of the annual financial report	1,700	1,200	
Depreciation			
Non-specialised buildings	121,687	93,738	
Construction other than Buildings	25,320	25,222	
Furniture and Equipment	22,169	17,026	
Plant and Equipment	150,013	136,121	
Motor Vehicles	257,041	234,225	
Roads	877,596	1,536,135	
Footpaths	3,842	2,737	
Other Infrastructure	79,925	64,130	
	<u>1,537,593</u>	<u>2,109,334</u>	
Interest expenses (finance costs)			
Debentures (refer Note 21 (a))	25,713	15,210	
	<u>25,713</u>	<u>15,210</u>	
Other revenue			
Other	91,089	84,140	
	<u>91,089</u>	<u>84,140</u>	
	2015	2015	2014
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Self supporting loans	15,134	0	295
- Reserve funds	29,434	32,000	41,081
- Other funds	15,831	35,000	41,772
Other interest revenue (refer note 26)	15,528	11,550	13,716
	<u>75,927</u>	<u>78,550</u>	<u>96,864</u>

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. The Shire is dedicated to providing high quality services through the various service orientated programs detailed below.

COMMUNITY VISION

Our Vision Statement is an expression of what we aspire to ensure the Shire of Victoria Plains is like for people who live here in the future:-

**The Shire of Victoria Plains
Many Localities
One Perfect Lifestyle
A Place To Grow**

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

HOUSING

Objective:

To provide and maintain housing.

Activities:

Provision and maintenance of elderly residents housing.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control the Shire's overhead operating accounts.

Activities:

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Grant/Contribution	Function/ Activity	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
			Balance ⁽¹⁾ 1/07/13	2013/14	2013/14	Balance ⁽¹⁾ 30/06/14	2014/15	2014/15	Balance ⁽¹⁾ 30/06/15
			\$	\$	\$	\$	\$	\$	\$
Aged Friendly Communities		Housing	0	0	0	0	6,000	0	6,000
Aged Friendly Communities		Community Amenities	0	0	0	0	29,200	0	29,200
Aged Friendly Communities		Transport	0	0	0	0	20,000	0	20,000
DFES Operating Grant - 2015/16 Advance Payment		Law, Order, Public Safety	0	0	0	0	12,105	0	12,105
Total			0	0	0	0	67,305	0	67,305

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 2015**

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		930,583	493,101
Restricted		<u>899,263</u>	<u>1,163,188</u>
		<u>1,829,846</u>	<u>1,656,289</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	75,239	72,616
Plant Reserve	11	146,983	291,860
Housing Reserve	11	190,996	184,339
Sewerage Scheme Reserve	11	72,617	70,086
Refuse Site Reserve	11	304,891	294,263
Building Maintenance Reserve	11	88,878	85,780
Infrastructure Reserve	11	12,784	157,608
Gymnasium Equipment Reserve	11	6,875	6,636
Unspent grants	2(c)	67,305	0
Unspent loans	21(c)	<u>0</u>	<u>0</u>
		<u>966,568</u>	<u>1,163,188</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	2015	2014
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	49,439	39,421
Sundry debtors	31,921	79,537
GST receivable	54,454	89,096
Loans - clubs/institutions	14,469	13,763
	<u>150,283</u>	<u>221,817</u>
Non-current		
Rates outstanding - pensioners	4,500	4,500
Loans - clubs/institutions	271,767	286,237
	<u>276,267</u>	<u>290,737</u>
5. INVENTORIES		
Current		
Fuel and materials	15,808	56,205
	<u>15,808</u>	<u>56,205</u>
Non-current		
Land held for resale - cost		
Cost of acquisition	0	0
Development costs	0	0
	<u>0</u>	<u>0</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - Level 2	1,136,000	1,136,000
	<u>1,136,000</u>	<u>1,136,000</u>
Non-Specialised Buildings		
- Management valuation 2014 - Level 2,3	6,084,500	6,084,500
- Additions after valuation - cost	59,746	0
Less: accumulated depreciation	<u>(121,687)</u>	<u>0</u>
	6,022,559	6,084,500
Construction other than Buildings		
- Management valuation 2015 - Level 3	1,725,778	0
- Additions after valuation - cost	0	1,084,194
- Less: Accumulated Depreciation	<u>0</u>	<u>(165,034)</u>
	1,725,778	919,160
	<u>7,748,337</u>	<u>7,003,660</u>
Total Land and Buildings	<u>8,884,337</u>	<u>8,139,660</u>
Furniture & Equipment		
- Management valuation 2013 - Level 3	113,189	113,189
- Additions after valuation - cost	78,650	37,400
- Less: Accumulated Depreciation	<u>(39,195)</u>	<u>(17,026)</u>
Less accumulated depreciation	<u>0</u>	<u>0</u>
	152,644	133,563
Plant & Equipment		
- Management valuation 2013 - Level 2	1,341,377	1,341,377
- Additions after valuation - cost	428,854	153,329
- Disposals	(20,000)	0
- Less: Accumulated Depreciation	<u>(282,134)</u>	<u>(136,121)</u>
Less accumulated depreciation	<u>0</u>	<u>0</u>
	1,468,097	1,358,585
Motor Vehicles		
- Management valuation 2013 - Level 1	1,413,055	1,413,055
- Additions after valuation - cost	1,182,483	975,545
- Disposals	(307,815)	(112,933)
- Less: Accumulated Depreciation	<u>(414,847)</u>	<u>(219,992)</u>
	1,872,876	2,055,675
Total Property, Plant & Equipment	<u>12,377,954</u>	<u>11,687,483</u>

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Freehold land	1,136,000	0	0	0	0	0	0	1,136,000
Total land	1,136,000	0	0	0	0	0	0	1,136,000
Non-specialised buildings	6,084,500	59,746	0	0	0	(121,687)	0	6,022,559
Construction other than Buildings	919,160	920,240	(907,040)	818,738	0	(25,320)	0	1,725,778
Total buildings	7,003,660	979,986	(907,040)	818,738	0	(147,007)	0	7,748,337
Total land and buildings	8,139,660	979,986	(907,040)	818,738	0	(147,007)	0	8,884,337
Furniture and Equipment	133,563	41,250	0	0	0	(22,169)	0	152,644
Plant and Equipment	1,358,585	275,525	(16,000)	0	0	(150,013)	0	1,468,097
Motor Vehicles	2,055,675	206,938	(132,696)	0	0	(257,041)	0	1,872,876
Total property, plant and equipment	11,687,483	1,503,699	(1,055,736)	818,738	0	(576,230)	0	12,377,954

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Sales Comparison approach and Cost approach.	Independent Registered Valuers	June 2014	Price per hectare.
Land vested in and under the control of Council	2	Sales Comparison approach and Cost approach.	Independent Registered Valuers	June 2014	Price per hectare.
Non-specialised buildings	2,3	Cost approach using depreciated replacement cost.	Independent Registered Valuers	June 2014	Improvements to buildings using construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs.
Construction other than Buildings	3	Cost approach using depreciated replacement cost.	Independent Registered Valuers	June 2015	Improvements to assets using construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs.
Furniture and Equipment	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2013	Residual values and remaining useful life assessments.
Plant and Equipment	2	Market approach using recent observable market data for similar plant and equipment.	Management Valuation	June 2013	Price per item.
Motor Vehicles	1	Market approach using recent observable market data for similar motor vehicles.	Management Valuation	June 2013	Price per item.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
7 (a). INFRASTRUCTURE		
Roads		
- Management valuation 2015 - Level 3	91,031,759	0
- Cost	0	50,101,057
Less accumulated depreciation	<u>0</u>	<u>(37,789,589)</u>
	<u>91,031,759</u>	<u>12,311,468</u>
Footpaths		
- Management valuation 2015 - Level 3	447,999	0
- Cost	0	192,095
Less accumulated depreciation	<u>0</u>	<u>(14,959)</u>
	<u>447,999</u>	<u>177,136</u>
Other Infrastructure		
- Management valuation 2015 - Level 3	6,327,839	0
- Cost	0	4,592,236
Less accumulated depreciation	<u>0</u>	<u>(2,978,257)</u>
	<u>6,327,839</u>	<u>1,613,979</u>
	<u><u>97,807,597</u></u>	<u><u>14,102,583</u></u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	12,311,468	829,188	0	78,768,701	0	(877,596)	0	91,031,759
Footpaths	177,136	0	0	274,705	0	(3,842)	0	447,999
Other Infrastructure	1,613,979	105,347	0	4,688,438	0	(79,925)	0	6,327,839
Total infrastructure	14,102,583	934,535	0	83,731,844	0	(961,363)	0	97,807,997

The revaluation of infrastructure assets resulted in an increase on revaluation of \$83,731,844 in the net value of infrastructure. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	95,707	372,493
Accrued interest on debentures	3,223	3,667
Accrued salaries and wages	40,458	33,181
ATO liabilities	40,336	41,536
Pre-paid rates	35,604	0
Accrued expenses	9,553	0
	<u>224,881</u>	<u>450,877</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	55,642	52,550
	<u>55,642</u>	<u>52,550</u>
Non-current		
Secured by floating charge		
Debentures	411,611	467,253
	<u>411,611</u>	<u>467,253</u>

Additional detail on borrowings is provided in Note 21.

The Shire did not have any long term borrowings at the reporting date.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	66,069	116,236	182,305
Non-current provisions	0	16,040	16,040
	<u>66,069</u>	<u>132,276</u>	<u>198,345</u>
Additional provision	(14,948)	(14,153)	(29,101)
Balance at 30 June 2015	<u>51,121</u>	<u>118,123</u>	<u>169,244</u>
Comprises			
Current	51,121	92,788	143,909
Non-current	0	25,335	25,335
	<u>51,121</u>	<u>118,123</u>	<u>169,244</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	72,616	72,718	70,144
Amount set aside / transfer to reserve	2,623	2,307	2,472
Amount used / transfer from reserve	0	0	0
	<u>75,239</u>	<u>75,025</u>	<u>72,616</u>
(b) Plant Reserve			
Opening balance	291,860	292,275	281,928
Amount set aside / transfer to reserve	5,123	6,896	9,932
Amount used / transfer from reserve	(150,000)	(150,000)	0
	<u>146,983</u>	<u>149,171</u>	<u>291,860</u>
(c) Housing Reserve			
Opening balance	184,339	184,601	178,066
Amount set aside / transfer to reserve	6,657	4,270	6,273
Amount used / transfer from reserve	0	(100,000)	0
	<u>190,996</u>	<u>88,871</u>	<u>184,339</u>
(d) Sewerage Scheme Reserve			
Opening balance	70,086	70,186	67,701
Amount set aside / transfer to reserve	2,531	2,226	2,385
Amount used / transfer from reserve	0	0	0
	<u>72,617</u>	<u>72,412</u>	<u>70,086</u>
(e) Refuse Site Reserve			
Opening balance	294,263	294,682	284,250
Amount set aside / transfer to reserve	10,628	9,347	10,013
Amount used / transfer from reserve	0	0	0
	<u>304,891</u>	<u>304,029</u>	<u>294,263</u>
(f) Building Maintenance Reserve			
Opening balance	85,780	86,819	107,861
Amount set aside / transfer to reserve	3,098	3,547	2,919
Amount used / transfer from reserve	0	0	(25,000)
	<u>88,878</u>	<u>90,366</u>	<u>85,780</u>
(g) Infrastructure Reserve			
Opening balance	157,608	158,383	167,245
Amount set aside / transfer to reserve	446	3,196	5,363
Amount used / transfer from reserve	(145,270)	(145,270)	(15,000)
	<u>12,784</u>	<u>16,309</u>	<u>157,608</u>
(h) Gymnasium Equipment Reserve			
Opening balance	6,636	6,645	6,410
Amount set aside / transfer to reserve	239	211	226
Amount used / transfer from reserve	0	0	0
	<u>6,875</u>	<u>6,856</u>	<u>6,636</u>
TOTAL RESERVES	<u>899,263</u>	<u>803,039</u>	<u>1,163,188</u>
Total Opening balance	1,163,188	1,166,309	1,163,605
Total Amount set aside / transfer to reserve	31,345	32,000	39,583
Total Amount used / transfer from reserve	(295,270)	(395,270)	(40,000)
TOTAL RESERVES	<u>899,263</u>	<u>803,039</u>	<u>1,163,188</u>

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

11. RESERVES - CASH BACKED (CONTINUED)

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) Refuse Site Reserve**
- to be used to fund future refuse site development.
- (f) Building Maintenance Reserve**
- to be used for the long term maintenance of Shire buildings.
- (g) Infrastructure Reserve**
- to be used for future infrastructure development to ensure long term Shire sustainability.
- (h) 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
FOR THE YEAR ENDED 30TH JUNE 2015**

12. REVALUATION SURPLUS	2015	2014
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	4,051,871	0
Revaluation increment	<u>818,738</u>	<u>4,051,871</u>
	<u>4,870,609</u>	<u>4,051,871</u>
(b) Roads		
Opening balance	0	0
Revaluation increment	<u>78,768,701</u>	<u>0</u>
	<u>78,768,701</u>	<u>0</u>
(c) Footpaths		
Opening balance	0	0
Revaluation increment	<u>274,705</u>	<u>0</u>
	<u>274,705</u>	<u>0</u>
(d) Other Infrastructure		
Opening balance	0	0
Revaluation increment	<u>4,688,438</u>	<u>0</u>
	<u>4,688,438</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u>88,602,453</u>	<u>4,051,871</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>1,829,846</u>	<u>932,001</u>	<u>1,656,289</u>

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

Net result	199,706	(156,172)	(423,636)
Non-cash flows in Net result:			
Depreciation	1,537,593	2,293,344	2,109,334
(Profit)/Loss on sale of asset	(12,276)	32,325	148,466
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	72,240	0	23,017
(Increase)/Decrease in inventories	40,397	0	(51,375)
Increase/(Decrease) in payables	(225,996)	(103,305)	214,901
Increase/(Decrease) in provisions	(29,101)	0	602
Grants contributions for the development of assets	(469,006)	(1,418,230)	(1,434,506)
Net cash from operating activities	<u>1,113,557</u>	<u>647,962</u>	<u>586,801</u>

(c) Undrawn Borrowing Facilities

	2015 \$		2014 \$
Credit Standby Arrangements			
Bank overdraft limit	0		0
Bank overdraft at balance date	0		0
Credit card limit	20,000		20,000
Credit card balance at balance date	(2,691)		(12)
Total amount of credit unused	<u>17,309</u>		<u>19,988</u>
Loan facilities			
Loan facilities - current	55,642		52,550
Loan facilities - non-current	411,611		467,253
Total facilities in use at balance date	<u>467,253</u>		<u>519,803</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

14. CONTINGENT LIABILITIES

There are no contingent liabilities to report for the financial year 2014/15.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

16. JOINT VENTURE ARRANGEMENTS

The Shire together with Homeswest have a joint venture agreement with regards to the provision of two aged persons units in Bolgart and four aged persons units in Calingiri townsite. The only assets are land and buildings. Councils twenty per cent share of these assets is included in the Property, Plant & Equipment as follows:-

	2015	2014
	\$	\$
Non-current assets		
Land	8,000	8,000
Buildings	128,000	128,000
Less: accumulated depreciation	(2,560)	0
	133,440	136,000

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	513,202	469,702
General Purpose Funding	63,337	66,195
Law, Order, Public Safety	1,555,920	1,610,041
Health	56	74
Education and Welfare	11,000	5,764
Housing	2,742,997	2,750,946
Community Amenities	2,558,376	1,068,614
Recreation and Culture	4,295,183	4,283,780
Transport	114,423,273	16,548,394
Economic services	178,280	153,972
Other property and services	1,987,623	444,529
Unallocated	(15,871,492)	613,103
	112,457,755	28,015,114

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

18. FINANCIAL RATIOS	2015	2014	2013
Current ratio	3.14	1.26	3.86
Asset sustainability ratio	1.49	1.74	1.08
Debt service cover ratio	16.53	5.14	14.26
Operating surplus ratio	(0.11)	(0.79)	(0.52)
Own source revenue coverage ratio	0.57	0.49	0.53

The above ratios are calculated as follows:

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

Notes:

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Housing Bonds	6,746	400	(6,745)	401
BCITF	591	2,675	(2,865)	401
BSL	2,151	1,652	(1,783)	2,020
Hall Bonds	1,420	1,870	(1,330)	1,960
Tip Key Bonds	1,178	40	0	1,218
Licencing	2,759	337,634	(333,648)	6,745
Other	897	158	0	1,055
	<u>15,742</u>			<u>13,800</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
CEO Vehicle	45,190	47,902	43,636	50,000	(1,554)	2,098
DCEO vehicle	28,883	33,575	35,455	30,000	6,572	(3,575)
Transport						
Utility (PWV44)	11,291	12,000	11,136	8,000	(155)	(4,000)
Utility (PWV47)	13,549	15,000	13,636	10,000	87	(5,000)
Volvo Loader (PLR2)	0	51,000	0	35,000	0	(16,000)
Bobcat S206 (PLR6)	16,000	17,500	22,000	30,000	6,000	12,500
Tree Lopper (PTP1)	0	17,538	0	5,000	0	(12,538)
Construction other than Building	907,040	0	907,040	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
Other Property and Services						
Works Manager vehicle	33,782	35,810	35,108	30,000	1,326	(5,810)
	<u>1,055,735</u>	<u>230,325</u>	<u>1,068,011</u>	<u>198,000</u>	<u>12,276</u>	<u>(32,325)</u>

Profit	13,985	2,098
Loss	(1,709)	(34,423)
	<u>12,276</u>	<u>(32,325)</u>

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance	6,912	0	3,341	3,341	3,571	3,571	378	1,163
LOAN 69 Council Chambers Roof								
Housing	25,733	0	12,455	12,409	13,225	13,342	1,344	1,534
LOAN 68 Staff Housing								
Community Amenities	45,397	0	7,943	7,690	37,454	37,706	2,698	3,112
LOAN 72 Droughtproofing Calingiri								
Recreation and Culture	141,744	0	15,095	14,601	126,649	127,143	6,108	6,677
LOAN 82 Calingiri Sports Pavilion								
LOAN 83 Calingiri Football Club (SSL)	300,000	0	13,716	13,763	286,284	286,237	15,185	15,038
	519,786	0	52,550	51,804	467,183	468,000	25,713	27,524

(*) 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 2015

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

The Shire did not take up any new debentures during the year ended 30 June 2015.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

The Shire did not have an overdraft facility as at 30 June 2015.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
RATE TYPE												
General rate												
Gross rental value valuations												
GRV	8.2904	232	1,834,990	152,128	(89)	0	152,039	152,127	0	0	152,127	
Unimproved value valuations												
UV	0.7901	373	238,688,013	1,885,953	(3,103)	0	1,882,850	1,886,017	0	0	1,886,017	
Sub-Totals		605		2,038,081	(3,192)	0	2,034,889	2,038,144	0	0	2,038,144	
Minimum payment												
Gross rental value valuations												
GRV	420	73		30,660	0	0	30,660	30,660	0	0	30,660	
Unimproved value valuations												
UV	550	59		32,450	0	0	32,450	31,900	0	0	31,900	
Sub-Totals		132		63,110	0	0	63,110	62,560	0	0	62,560	
Ex-gratia rates							2,097,999				2,100,704	
Discounts/concessions (refer note 25)							60,420				59,000	
Total amount raised from general rate							2,158,419				2,159,704	
Specified Area Rate (refer note 23)							0				0	
Totals							2,158,419				2,159,704	

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>713,415</u>	<u>124,179</u>	<u>124,179</u>
Comprises:			
Cash and cash equivalents			
Unrestricted	930,583	493,101	493,101
Restricted	899,263	1,163,188	1,163,188
Investments			
Financial assets at fair value through profit and loss	0	0	0
Held for trading	0	0	0
Receivables			
Rates outstanding	49,439	39,421	39,421
Sundry debtors	31,921	79,537	79,537
GST receivable	54,454	89,096	89,096
Loans - clubs/institutions	14,469	13,763	13,763
Inventories			
Fuel and materials	15,808	56,205	56,205
History books	0	0	0
Land held for resale - cost			
Cost of acquisition	0	0	0
Development costs	0	0	0
Less:			
Trade and other payables			
Sundry creditors	(95,707)	(372,493)	(372,491)
Accrued interest on debentures	(3,223)	(3,667)	(3,667)
Accrued salaries and wages	(40,458)	(33,181)	(33,181)
ATO liabilities	(40,336)	(41,536)	(41,536)
Pre-paid rates	(35,604)	0	0
Accrued expenses	(9,553)	0	0
Current portion of long term borrowings			
Secured by floating charge	(55,642)	(52,550)	(52,550)
Lease liability	0	0	0
Provisions			
Provision for annual leave	(51,121)	(66,069)	(66,069)
Provision for long service leave	(92,788)	(116,235)	(116,237)
Net current assets	<u>1,571,505</u>	<u>1,248,580</u>	<u>1,248,580</u>
Less:			
Reserves - restricted cash	(899,263)	(1,163,188)	(1,163,188)
Loans - Clubs/Institutions	(14,469)	(13,763)	(13,763)
Add:			
Secured by floating charge	55,642	52,550	52,550
Surplus/(deficit)	<u>713,415</u>	<u>124,179</u>	<u>124,179</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates for the financial year ended 30 June 2015.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any Service Charges for the financial year ended 30 June 2015.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

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

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	7,829	11,000
Interest on instalments plan	5.50%	0	7,699	550
Charges on instalment plan		0	1,849	2,000
Pensioner deferred rate interest		0	0	0
			<u>17,377</u>	<u>13,550</u>

27. FEES & CHARGES	2015 \$	2014 \$
Governance	12,767	4,772
General purpose funding	4,042	6,139
Law, order, public safety	2,718	2,629
Health	126	1,130
Housing	66,321	55,089
Community amenities	63,425	65,563
Recreation and culture	9,414	11,208
Economic services	17,625	14,536
Other property and services	<u>41,440</u>	<u>11,515</u>
	<u><u>217,878</u></u>	<u><u>172,581</u></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 2015**

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	1,506,889	502,800
Non-operating grants, subsidies and contributions	<u>469,006</u>	<u>1,434,506</u>
	<u>1,975,895</u>	<u>1,937,306</u>
By Program:		
Governance	635	73
General purpose funding	1,416,637	412,450
Law, order, public safety	59,288	828,663
Education and welfare	1,750	1,000
Housing	6,000	0
Community amenities	43,869	100,000
Recreation and culture	14,376	73,169
Transport	412,235	506,801
Other property and services	<u>21,105</u>	<u>15,150</u>
	<u>1,975,895</u>	<u>1,937,306</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

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

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	36,000	36,000	36,000
President's allowance	5,500	5,500	4,000
Deputy President's allowance	1,375	1,375	0
Travelling expenses	7,534	4,000	4,464
Telecommunications allowance	<u>10,442</u>	<u>8,500</u>	<u>8,500</u>
	<u>60,851</u>	<u>55,375</u>	<u>52,964</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

31. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the financial year ended 30 June 2015.

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 2015.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015 \$	2014 \$	2015 \$	2014 \$
Financial assets				
Cash and cash equivalents	1,829,846	1,656,289	1,829,846	1,656,289
Receivables	426,550	512,554	426,550	512,554
	<u>2,256,396</u>	<u>2,168,843</u>	<u>2,256,396</u>	<u>2,168,843</u>
Financial liabilities				
Payables	224,881	450,877	224,881	450,877
Borrowings	467,253	519,803	467,253	519,803
	<u>692,134</u>	<u>970,680</u>	<u>692,134</u>	<u>970,680</u>

Fair value is determined as follows:

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 10% ⁽¹⁾ movement in price of investments		
- Equity	18,298	18,563
- Statement of Comprehensive Income	18,298	18,563
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	18,298	16,563
- Statement of Comprehensive Income	18,298	16,563

Notes:

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	81%	98%
- Overdue	19%	2%

SHIRE OF VICTORIA PLAINS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
 Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2015					
Payables	224,881	0	0	224,881	224,881
Borrowings	55,643	165,272	246,392	467,307	467,253
	<u>280,524</u>	<u>165,272</u>	<u>246,392</u>	<u>692,188</u>	<u>692,134</u>
2014					
Payables	450,877	0	0	450,877	450,877
Borrowings	52,550	184,391	282,862	519,803	519,803
	<u>503,427</u>	<u>184,391</u>	<u>282,862</u>	<u>970,680</u>	<u>970,680</u>

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debtentures	16,920	0	0	37,453	0	412,933	467,306	5.00%
Weighted average Effective interest rate	6.78%	0.00%	0.00%	6.58%	0.00%	4.78%		
Year ended 30 June 2014								
Borrowings								
Fixed rate								
Debtentures	0	32,662	0	0	45,396	441,744	519,802	5.06%
Weighted average Effective interest rate	0.00%	6.78%	0.00%	0.00%	6.58%	4.78%		

INDEPENDENT AUDIT REPORT 30TH JUNE 2015



Anderson Munro & Wyllie

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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 2015. 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 2015 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.

Statutory Compliance

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

- a) 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 Ratio Information presented at page 60 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 17th day of November 2015 in Perth, Western Australia

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE
Chartered Accountants

**SHIRE OF VICTORIA PLAINS
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

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

	2015	2014	2013
Asset consumption ratio	1.002	0.383	0.340
Asset renewal funding ratio	0.902	1.086	1.083

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

FINANCIAL RATIOS AS AT 30TH JUNE 2015

1. ASSET SUSTAINABILITY RATIO

Capital Renewal and Replacement Expenditure	2,290,899	=	1.490
Depreciation Expense	1,537,593		

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.	1,294,006	=	16.534
- operating revenue	0		
- less: specific purpose grants	469,006		
- less: specific purpose contributions	0		
- less: operating expense	199,706		
- add: interest expense	25,713		
- add: depreciation	1,537,593		

Principal and Interest	78,263		
- principal repayments on loans	52,550		
- interest repayments on loans	25,713		
- interest repayments on O/D	0		

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	(269,300)	
- operating revenue	199,706	
- less: specific purpose grants	(469,006)	
- less: specific purpose contributions	0	
	-----	=
		-0.109
Own Source Operating Revenue	2,466,209	
- rates and service charges	2,158,419	
- add: fees and user charges	217,878	
- add: reimbursements and recoveries	0	
- add: interest income	75,927	
- add: profit on disposal of assets	13,985	

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	2,466,209	
- rates and service charges	2,158,419	
- add: fees and user charges	217,878	
- add: reimbursements and recoveries		
- add: interest income	75,927	
- add: profit on disposal of assets	13,985	
	-----	=
		0.569
Operating Expense	4,333,487	

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	127,119,559	=	1.002
Current Replacement Cost of Depreciable Assets	126,841,422		

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)

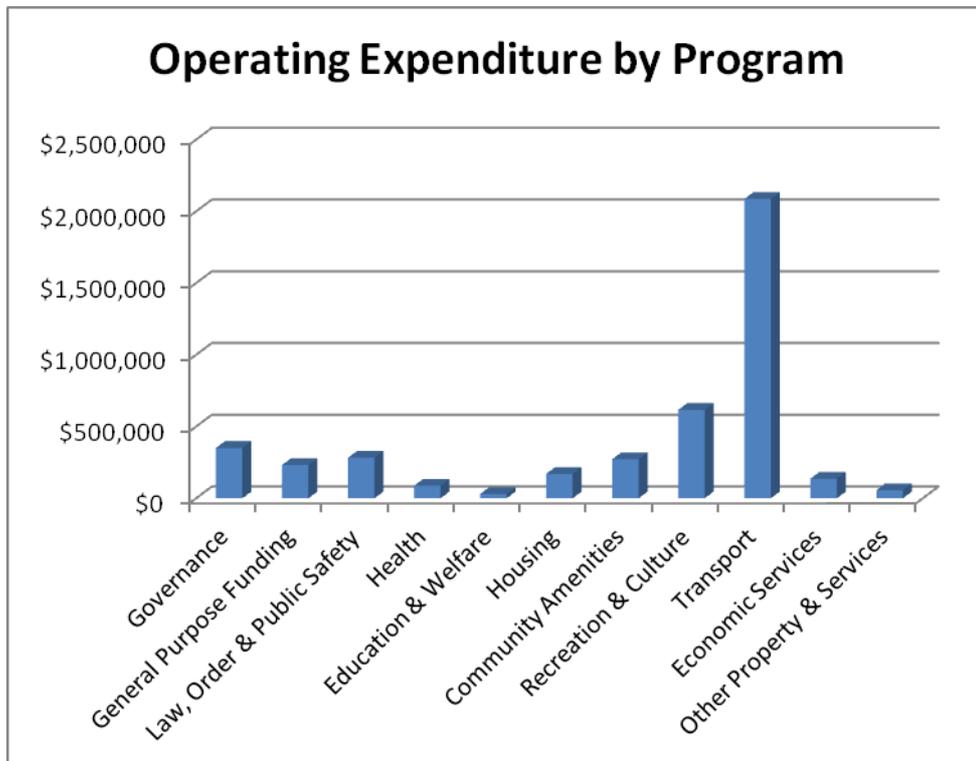
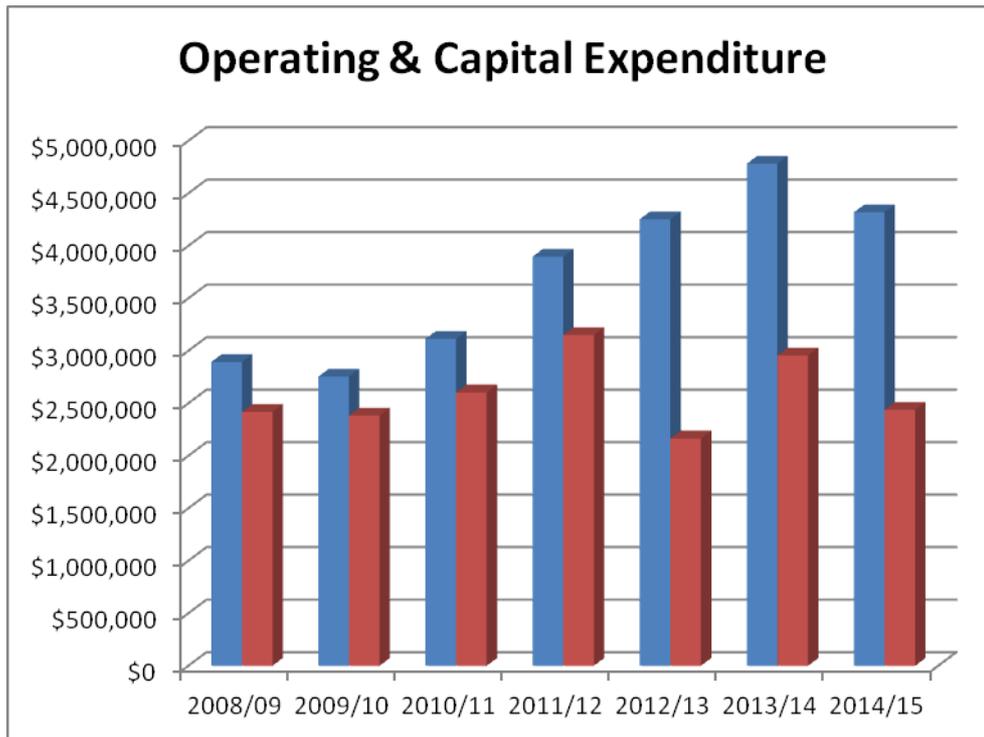
NPV of Planned Capital Renewals Over 10 years	11,728,022	=	0.902
NPV of Required Capital Expenditure Over 10 years	13,006,360		

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.

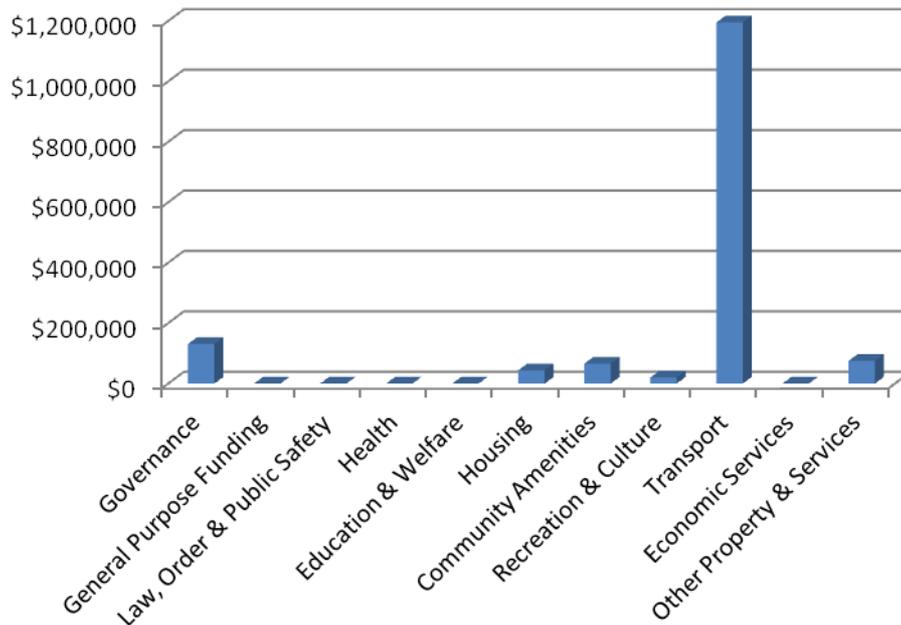
If above Ratio between 0.75 and 0.95 The local government needs to exercise caution and adjust plans over the longer term to ensure it invests sufficiently to maintain the service potential of its assets.

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.

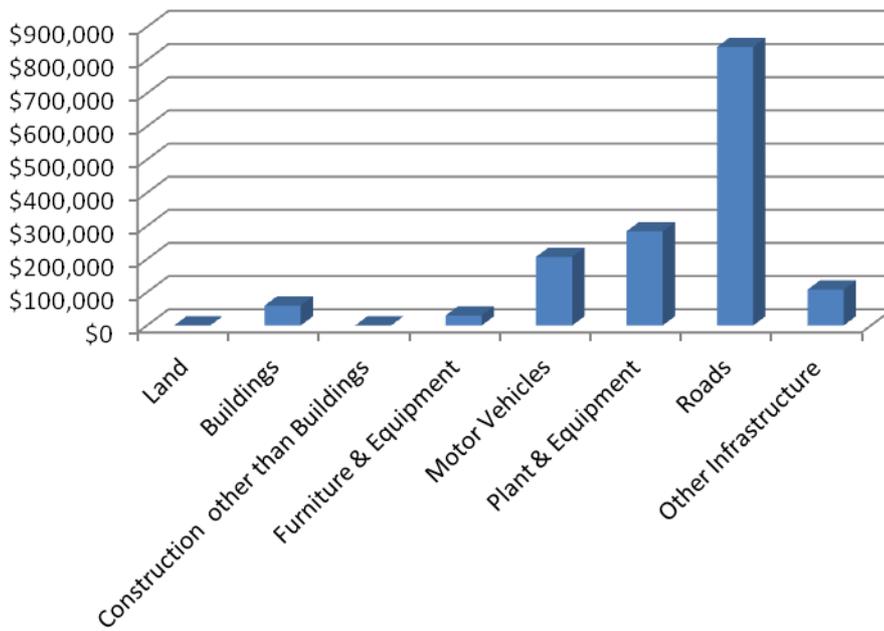
OPERATING AND CAPITAL COSTS 2014/2015



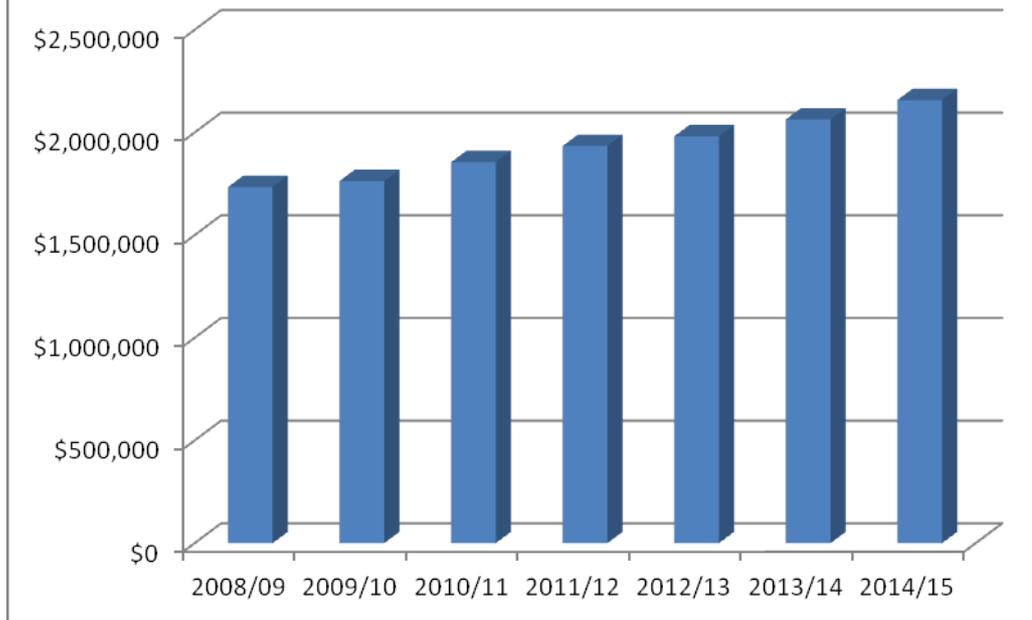
Capital Expenditure by Program



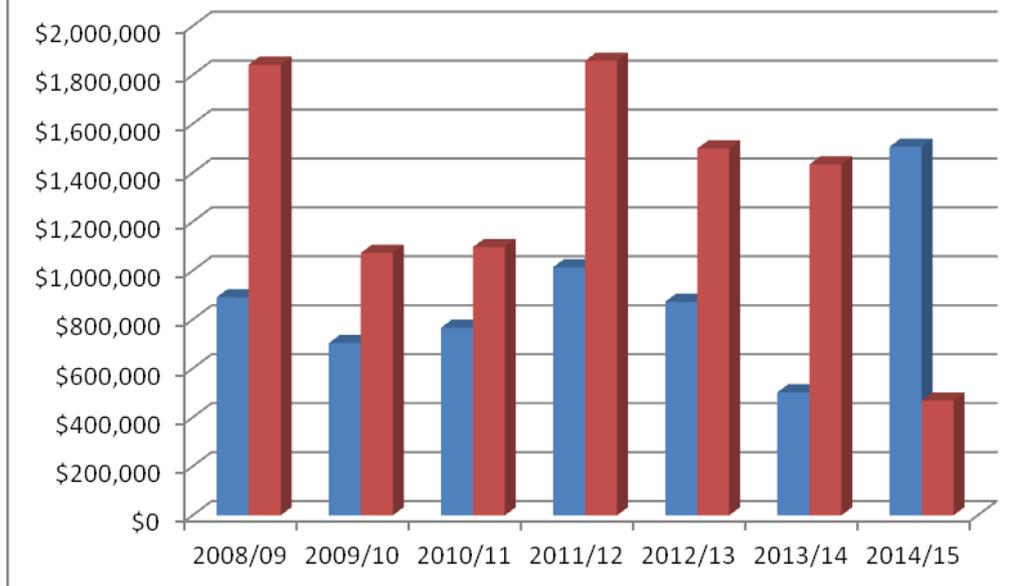
Capital Expenditure by Type



Rates Income



Operating & Non-Operating Grants



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
Deputy Shire President
Retires 2017



Cr David Holmes
Retires 2015

West Ward



Cr David Lovelock
Shire President
Retires 2017



Cr Laurie Rive
Retires 2015



Cr Jim Kelly
Retires 2017

STAFF

Senior Staff

Chief Executive Officer	Mr Harry Hawkins
Deputy CEO/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)

Office Staff

Executive Assistant	Mrs Fiona Watson (to 17/6/15)
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

Supervisor	Mr Pat McDermott
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Grader Drivers	Mr Michael Hyatt
	Mr Robert O'Brien

Plant Operators	Mr Don Bald
	Mr Kim Watson

Town Maintenance/Plant Operators	Mr Don Westlake
	Mr Garry Stewart

Building Maintenance Officer	Mr Paul Spowart
Engineering Support Officer	Mr Shayne Willcocks
Depot Clerk	Mr Phil Cook

<i>Caravan Park Caretaker</i> -Bolgart	Mrs Annette Lee
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<i>Caravan Park Caretaker</i> -Calingiri	Ms Lisabeth Hooper
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<i>Librarians</i> —Bolgart	Mrs Sue Ludemann
	Ms Rosina Ainsworth

<i>Librarians</i> —Mogumber	Mrs Phyllis Toms
	Mrs Joan Harvey

STATISTICS AND FACTS

Area	2,563km ²
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
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Local Industries:-	Wheat Barley Canola Lupins Hay Oats Sheep Cattle Pigs Tourism
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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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