

# Shire of Victoria Plains



## Annual Report 1 July 2016 to 30 June 2017



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## **Welcome to the Shire of Victoria Plains**

***Many Localities – One Perfect Lifestyle – A Place to Grow***

### **BRIEF HISTORY**

The Victoria Plains Road Board was one of the first of nineteen road boards established in Western Australia in 1871 to build and maintain roads and bridges throughout the state. In the early days, Victoria Plains stretched from the Indian Ocean to the South Australian border and from Carnamah in the North, to Bolgart in the South.

Today, our total area lies across 256,973 hectares with a population of 900. The area is renowned for its prosperous agricultural activities, beautiful wildflowers, longstanding heritage and of course, the home of the Benedictine Community at New Norcia.

Victoria Plains is the ideal setting for those dreaming of a tree change to a quiet rural lifestyle. Our advantage lies in our close proximity to Perth, central location to regional hubs, schools, access to main roads, rail lines, electricity and an abundance of water.

Council is very supportive of new industry and business ventures and welcomes new residents to Victoria Plains to establish their business and lives.

Victoria Plains is a unique and special place to live.

## COUNCILLORS

The Shire is divided into four wards with the Central, West and South wards each represented by two Councillors, and the East ward represented by one Councillor.

### Central Ward



**Cr J Corless-Crowther**  
Retires 2019

**Cr J King**  
Retires 2021

### East Ward



**Cr A Broadhurst**  
Retires 2019

### West Ward



**Cr D Lovelock (President)**  
Retires 2021



**Cr P Bantock (Deputy President)**  
Retires 2019

### South Ward



**Cr S Penn**  
Retires 2021



**Cr N Clarke**  
Retires 2019

## A MESSAGE FROM THE PRESIDENT

The 16/17 Shire year saw several new initiatives and completion of others.

During the year, Council appointed Glenda Teede JP as our new CEO after former CEO Harry Hawkins did not seek renewal of his contract. In welcoming Ms Teede to our team Council wished Harry success in his role as CEO at the Shire of Sandstone.



After employing a consultant for advice and receiving over 100 submissions from electors, the Council accepted the majority opinion and made changes to our Council structure by retaining four wards but reducing the number of councillors to seven as of the October 2017 elections.

The past year has seen another step in providing emergency water around the Shire with the opening of the Piawaning desalination plant.

Works programmes have included completion of the Wirrilda road intersection on budget, with thanks going to Peter Mackie for underwriting the project. Footpaths were upgraded in Bolgart, Calingiri and Yerecoin in accordance with budget restrictions. Contractors doing upgrade work on the Yerecoin South East Road had to rework the surface at their own cost due to inadequate standard emulsion being provided. Other roads to receive work over the year include the Lime Sand Route and Toodyay-Bindi Bindi roads.

Planning and development for a large chicken farm and gravel quarry in the Mogumber area were agreed to with a number of conditions being imposed, including waste chicken manure not to be used in the Shire and no composting activities to be carried out at the quarry.

Thank you to all our staff for their input and efforts for the Shire and from myself, thank you to all Councillors for their support over the year.

During the year some of your Councillors attended interactive conferences and seminars, some of which were interstate. These meetings provide great opportunities for networking with other Councillors, learning and inspirational advice and prove valuable tools to aid Council decision making as well as time to lobby federal and state ministers and politicians.

**David Lovelock**  
**Shire President**

## FROM THE CHIEF EXECUTIVE OFFICER

The presentation of the Annual Report for the financial year ending 30<sup>th</sup> June 2017 has been unavoidably delayed due to a number of reasons. Unfortunately we were not provided with our Independent Audit Report until the last week of December 2017.

The previous CEO Mr Harry Hawkins left the Shire in September 2016 and Mr Ian Graham, the DCEO/Finance and Administration Manager took on the role as acting Chief Executive Officer until I took up the position on 12 December 2016.

During my first six months as the CEO with the Shire of Victoria Plains, I was faced with many outstanding activities and to say that I hit the ground running is an understatement. Some of the projects which are currently underway include:

- **Review of Legislative Compliance and Internal Controls**
- **Construction of the new APUs at Bolgart and Calingiri**
- **Water supply issues in the Shire**
- **Review of Local Laws**
- **Negotiations relating to new industry in the Shire including a poultry farm and quarry**
- **Establishment of a tourist information bay in Bolgart**
- **Review of the Shires waste management facilities**

Because of the size of our Shire and the very few sources of funding we can access, the Shire still relies heavily on rates income and balancing the budget will always be difficult. I would like to thank Council for their efforts in this task and ask that Councillors and ratepayers consider the financial constraints placed on the Shire during these hard times.

I would like to thank our Councillors and staff for their ongoing and dedicated hard work. We have seen many staff come and go over the past year, which is not unusual for a regional town; however, a collected effort by all has ensured that our services and projects are continuing to be delivered. Council has seen a slight change in members following the Extraordinary Election held in March 2017 following the resignation as a Councillor of Mr John Brennan and I welcome Cr Jaymie King to the team. I thank all Councillors, new and old, for their contributions this year, and look forward to working with you again in the coming year.

**Glenda Teede**  
**Chief Executive Officer**



## CORPORATE SERVICES MANAGER'S REPORT

### NET SURPLUS/DEFICIT CARRIED FORWARD

The 2016-17 financial year has resulted in a net surplus carried forward of \$474,406 against a budget net surplus carried forward of \$0.

Major Capital Projects carried over to 2017-18 :-	
- 4 x Aged Persons Units gross cost	\$960,000

### OPERATING SURPLUS/DEFICIT

The 2016-17 actual operating surplus was \$375,936, before Fair Value revaluations, against a budgeted operating surplus of \$78,480. The main reasons for this variance were: receipt of operating grants that were budgeted in 2015-16 of \$543,900, less depreciation of \$728,386 due to revaluation of land and buildings and non operating grants not received of \$824,871 (mainly due to the grant of \$900,000 for the aged persons Units carried forward to 2017-18).

Total Comprehensive Income was \$553,585 after allowing for a revaluation increment of \$177,649 (refer below) resulting from "Fair Value" revaluations on fixed 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 30<sup>th</sup> June 2013: Plant & Equipment
- Year-ended 30<sup>th</sup> June 2014: Land & Buildings
- Year-ended 30<sup>th</sup> June 2015: Infrastructure
- Year ended 30<sup>th</sup> June 2016: Plant & Equipment
- Year - ended 30<sup>th</sup> June 2017: Land & Buildings
- Each asset class is to be re-valued every 3 years following the initial re-valuation.

"Fair Value" valuations were applied to the following classes of assets as at 30<sup>th</sup> June 2017 as follows:

Asset Class	Book Value 30/6/17	Fair Value 30/6/17	Gain/(Loss)
Land & Buildings	\$4,870,609	\$5,048,258	\$177,649

### BORROWINGS

As at 30<sup>th</sup> June 2017, the total principal owing was \$537,268. A loan for the Piawaning water supply system for the amount of \$175,000 was taken out during the 2016-17 financial year. Debt principal repaid during the year was \$49,036.

### INTEREST

Interest revenue for the financial year 2016-17 amounted to \$84,853 against a budget of \$107,000. This was due to the reversal of an accrual of \$29,026 interest income on invested Royalties for Regions funds( held in Trust by the Shire of Toodyay).

Of the other interest income, \$18,023 (budget \$18,000) resulted from short term investments on Reserve funds and \$12,837 (budget \$17,500) from Municipal funds.

Interest expense on borrowings for the year amounted to \$21,413 (2015-16 \$19,707).

### **RATES**

Income from rates amounted to \$2,334,698 (Budget \$2,334,121, 2015-16 \$2,247,116), including ex-gratia rates of \$64,699 (2015-16 \$63,076).

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 \$1,133,878 (2015-16 \$1,392,522) as follows:

• WA State Government Regional Road Grants (Projects)	\$330,780
• WA State Government Direct Road Grant	\$121,486
• Roads to Recovery Funding	\$553,452
• WA State Government Black Spot Capital Grant	\$128,160

Total road expenditure was \$2,613,104 (2015-16 \$2,620,608) as follows:

• Road Construction:	\$1,502,488 (2016-17 Budget \$1,485,076)
• Road Maintenance:	\$1,110,616 (2016-17 Budget \$1,007,881)

The major road construction works were:-

- Roads to Recovery Program:-
  - Yerrecoin SE Road
  - Konnongorring Road
  - Boxhall Road
  - Golf Course Road
- Regional Road Group (State) and Shire funded:-
  - Toodyay-Bindi Bindi Road
  - Gillingarra-Glentromie Road

### **INFRASTRUCTURE**

The new emergency water supply system was installed at Piawaning, street furniture was installed at Calingiri and Bolgart and footpaths were constructed.

### **MAJOR PLANT**

A Hino 700 truck, a CAT excavator and a Fuso Canter truck were purchased during the year.

**BUILDINGS**

An ATM was installed and the car park & gardens were upgraded at the Shire Admin building and a waste recycling system was installed at the Aged Units in Bolgart.

**FURNITURE & EQUIPMENT**

The Shires computer systems were upgraded and an air conditioner was installed in the Council Chambers.

**CASH BACKED RESERVES**

As at 30<sup>th</sup> June 2017, the cash-backed Reserves balance was \$720,678 (2015-16 \$914,722), against an original budgeted closing balance of \$735,962.

<b>RESERVES</b>			
	<b>2016-17 ACTUAL</b>	<b>2016-17 BUDGET</b>	<b>2015-16 ACTUAL</b>
Opening Balance	\$914,722	\$914,722	\$899,263
Transfers	\$(194,044)	\$(178,760)	\$15,459
<b>Closing Balance</b>	<b>\$720,678</b>	<b>\$735,962</b>	<b>\$914,722</b>

**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).

**CONCLUSION**

I am very grateful to the staff at the Shire for making me feel welcome. I would particularly like to thank Glenda Teede for giving me the opportunity and to Sue Mills for helping me to settle in to my new role here at the Shire. 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 welcoming me and I look forward to a productive and successful 2017-18.

Jeremy Clapham  
**Corporate Services Manager**

## FROM THE WORKS AND SERVICES DEPARTMENT

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

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

### **Granted Revenue**

External funding is the major income stream for capital works and major maintenance of Councils assets. In the 2016/2017 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 2016/2017 financial year were:

#### **Council Funded Projects**

- Completion off intersection works on Wirrilda Rd and Gillingarra-Glentromie Rd,
- Kerbing works on Edmonds Street,
- Footpath works in Calingiri and Yerecoin,
- Re-Seals on Edmonds St and the Calingiri Sports Club Car Park,

#### **Roads to Recovery Project**

- 3km of shoulder and sealing works to Yerecoin South East Rd,
- Gravel re-sheet to 3km of Golf Course Rd,
- Gravel re-sheet to 3km of Konnongorring Rd,
- Gravel re-sheet to 3km of Box Hall Rd

#### **Regional Roads Group Funding**

- Repairs to failed sections of Toodyay Bindi Bindi Rd Piawaning,
- Shoulder repairs and widening to 8km of Toodyay Bindi Bindi Rd Bolgart,

#### **Black Spot Funding**

- White Lining to the complete section of Toodyay Bindi Bindi Rd from Boundary to Boundary

### **Community Water Supply Funding**

- Council has purchased and installed the de-cellination plant with the help of a community farmland emergency water grant from the Water Corp which is now supplying water in Piawaning.

### **Works and Services**

Works and Services include the following areas of responsibility:

#### **STRATEGIC**

##### **Administration**

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

#### **OPERATIONS**

##### **Works**

Construction and maintenance of roads, footpaths, and drainage throughout the Shire. Maintenance grading of shire roads is ongoing and an important part of the works that are done within the shire. There are 555.16 kilometres of unsealed roads in the shire. Council own two caterpillar 120M graders and maintain the unsealed road network as well as being involved in capital works. The expectation is to achieve two to three grades over the network per year and this financial year we put approximately 300 kilometres of road grading out to tender. This was a fixed price tender for three grades for the year and this has proved to be successful and the contract was extended into the 2016/2017 financial year.

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

*Area 1 = 255 km: Central/Northern area - maintenance grading being completed in house*

*Area 2 = 150 km: Parts of the Southern/ Central and Northern area - Contract*

*Area 3 = 150 km: Western and parts of the Northern Area, Contract*

##### **Parks and Gardens**

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

## **Plant**

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

- Purchase: Various Light Plant,
- Purchase and replace: two utes for the building department and works department,
- Purchased a Six Wheel two way tipper with a dolly to allow the vehicle to do multiple tasks,
- Purchase of a 12t Excavator for the refuse sites and general drainage and other works required to be achieved by the works department,
- Purchase and replace the small 5t gardeners truck which has various additions to it to allow the vehicle to do multiple tasks.

## **Waste Management**

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

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

Council has now installed cardboard and other recycling receptacles in various locations throughout the shire and have been a great success with the amount of rubbish going to the land fill site in Bolgart and Calingiri being reduced considerably.

## **Drum Muster**

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

## **Kerbside Collection**

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

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

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

The ROMAN System has highlighted the need for a higher level of expenditure on road maintenance and preservation. Council’s current and future budgets will reflect the higher priority needed to maintain existing road and bridge infrastructure. Council officers are continually collecting traffic counts and classification data to support the deterioration modelling which assists the preparation of Council’s ten year works and maintenance programmes.

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

### **Ranger Service**

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

### **Customer Works Request**

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

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

### **Staff**

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

### **Summary**

The works department has achieved a great deal this year in some trying times. We have now been able to with the inclusion of a second contractor, achieve a better output with our maintenance program, and being able to complete sections of shoulder grading on some of our major routes, such as the lime sands route.

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

I would also like to express my thanks to all team members within the works and services department as well as all the administration staff for their high professional standards and output efforts during the 2016/2017 year.

David Holland

**Works and Services Manager**

*(since resigned)*

## FROM THE SHARED RESOURCES DESK

### **Health**

The staged implementation of the new Public Health Act has required local government to take responsibility for appointing Authorized Officers under the new Act from January 2017. Environmental Health Officers are automatically recognised as authorized officer under the new Act. All authorized Officer are now required to be issued with a new Authority Card and the Shire has subsequently delegated the Chief Executive Officer authority to issue the card to the authorized officers.

Annual Reports to the Dept of Health and the Dept of Environment and Water were completed on time. The Shire of Victoria Plains was given an exemption, along with many other local governments that operate small sewerage schemes in not having to arrange and carry out expensive audits every three years as well as yearly compliance reports required by the Economic Regulation Authority. The Shire will, however, be required to still maintain their sewerage schemes as per their Asset Management Plan which includes maintenance schedules and building up their existing Reserve Funds to pay for future replacement of the infrastructure. The Minister for Water has given the Shires 5 years for this exemption. In the meantime, the Shire will have to provide a yearly annual report to the Department of Water and be diligent in maintaining their sewerage schemes to avoid being taken off the exemption list.

All food premises have been inspected and all are compliant to the provisions of the Food Act.

### **Building**

Building activity in the Shire is similar to that of the previous 12 months. The new system of registering building activity to the Building Commission is working well as the Australian Bureau of Statistics and other government agency now have access from this central point.

The Building Commission have been issuing Building Notes about issues they come across with the building trades and this gives guidance to building surveyors. The main emphasis lately has been the inadequate tie down of roofs and inadequate damp proofing of wet areas.



No further developments have taken place by the Building Commission regarding mandatory building inspections of houses under construction by Shire Building Surveyors.

**Allan Ramsay**

**Environmental Health Officer/Building Surveyor**



## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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

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Principal place of business:  
28 Cavell Street  
CALINGIRI WA 6569

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the

12

day of

DECEMBER 2017



Glenda Teede  
Chief Executive Officer

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	23	2,334,698	2,334,121	2,247,116
Operating grants, subsidies and contributions	30	1,576,655	1,032,755	607,655
Fees and charges	29	222,386	176,345	203,491
Service charges	26	0	0	0
Interest earnings	2(a)	84,853	107,000	98,236
Other revenue	2(a)	107,827	57,538	248,690
		<b>4,326,419</b>	<b>3,707,759</b>	<b>3,405,188</b>
<b>Expenses</b>				
Employee costs		(1,475,286)	(1,268,762)	(1,436,204)
Materials and contracts		(1,165,962)	(1,230,857)	(1,041,080)
Utility charges		(77,019)	(78,900)	(80,645)
Depreciation on non-current assets	2(a)	(1,801,324)	(2,529,710)	(2,509,869)
Interest expenses	2(a)	(21,413)	(22,303)	(19,707)
Insurance expenses		(187,746)	(183,080)	(174,502)
Other expenditure		(382,005)	(315,715)	(336,169)
		<b>(5,110,755)</b>	<b>(5,629,327)</b>	<b>(5,598,176)</b>
		<b>(784,336)</b>	<b>(1,921,568)</b>	<b>(2,192,988)</b>
Non-operating grants, subsidies and contributions	30	1,218,177	2,043,048	1,531,190
Profit on asset disposals	21	3,528	6,000	8,732
(Loss) on asset disposals	21	(61,433)	(49,000)	(6,574)
<b>Net result</b>		<b>375,936</b>	<b>78,480</b>	<b>(659,640)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	177,649	0	406,860
<b>Total other comprehensive income</b>		<b>177,649</b>	<b>0</b>	<b>406,860</b>
<b>Total comprehensive income</b>		<b>553,585</b>	<b>78,480</b>	<b>(252,780)</b>

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 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		7,597	2,225	10,464
General purpose funding		3,880,591	3,355,936	2,805,372
Law, order, public safety		70,237	43,459	54,358
Health		3,205	2,483	3,564
Education and welfare		1,093	0	0
Housing		94,318	126,212	172,245
Community amenities		107,594	76,461	80,556
Recreation and culture		36,652	32,051	73,641
Transport		(4,728)	5,253	35,140
Economic services		37,210	27,817	49,987
Other property and services		92,650	35,863	119,861
		<b>4,326,419</b>	<b>3,707,760</b>	<b>3,405,188</b>
<b>Expenses</b>	2(a)			
Governance		(441,898)	(441,072)	(421,380)
General purpose funding		(286,531)	(273,021)	(266,349)
Law, order, public safety		(230,296)	(331,324)	(276,718)
Health		(107,706)	(153,005)	(116,966)
Education and welfare		(38,409)	(41,863)	(39,367)
Housing		(233,807)	(217,728)	(237,042)
Community amenities		(424,461)	(398,277)	(336,676)
Recreation and culture		(625,230)	(579,479)	(661,524)
Transport		(2,534,682)	(2,989,076)	(2,988,524)
Economic services		(145,295)	(168,949)	(169,842)
Other property and services		(21,028)	(13,231)	(64,081)
		<b>(5,089,343)</b>	<b>(5,607,025)</b>	<b>(5,578,469)</b>
<b>Finance costs</b>	2(a)			
Governance		0	0	(180)
Housing		(154)	0	(602)
Community amenities		(1,642)	(2,170)	0
Recreation and culture		(16,034)	(20,133)	(18,925)
		<b>(21,412)</b>	<b>(22,303)</b>	<b>(19,707)</b>
		<b>(784,336)</b>	<b>(1,921,568)</b>	<b>(2,192,988)</b>
Non-operating grants, subsidies and contributions	30	1,218,177	2,043,048	1,531,190
Profit on disposal of assets	21	3,528	6,000	8,732
(Loss) on disposal of assets	21	(61,433)	(49,000)	(6,574)
<b>Net result</b>		<b>375,936</b>	<b>78,480</b>	<b>(659,640)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	177,649	0	406,860
<b>Total other comprehensive income</b>		<b>177,649</b>	<b>0</b>	<b>406,860</b>
<b>Total comprehensive income</b>		<b>553,585</b>	<b>78,480</b>	<b>(252,780)</b>

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

SHIRE OF VICTORIA PLAINS  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,279,074	1,266,790
Trade and other receivables	4	553,112	334,245
Inventories	5	41,242	41,727
<b>TOTAL CURRENT ASSETS</b>		<b>1,873,428</b>	<b>1,642,762</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	246,948	260,743
Property, plant and equipment	6	12,652,969	12,510,109
Infrastructure	7	98,345,403	97,804,316
<b>TOTAL NON-CURRENT ASSETS</b>		<b>111,245,320</b>	<b>110,575,168</b>
<b>TOTAL ASSETS</b>		<b>113,118,748</b>	<b>112,217,930</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	517,138	253,888
Current portion of long term borrowings	9	58,691	40,747
Provisions	10	144,031	168,840
<b>TOTAL CURRENT LIABILITIES</b>		<b>719,860</b>	<b>463,475</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	478,577	370,557
Provisions	10	23,128	40,299
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>501,705</b>	<b>410,856</b>
<b>TOTAL LIABILITIES</b>		<b>1,221,564</b>	<b>874,331</b>
<b>NET ASSETS</b>		<b>111,897,184</b>	<b>111,343,599</b>
<b>EQUITY</b>			
Retained surplus		21,989,545	21,419,564
Reserves - cash backed	12	720,678	914,722
Revaluation surplus	13	89,186,962	89,009,313
<b>TOTAL EQUITY</b>		<b>111,897,184</b>	<b>111,343,599</b>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		22,094,663	899,263	88,602,453	111,596,379
Comprehensive income					
Net result		(659,640)	0	0	(659,640)
Changes on revaluation of assets	13	0	0	406,860	406,860
Total comprehensive income		(659,640)	0	406,860	(252,780)
Transfers from/(to) reserves		(15,459)	15,459	0	0
<b>Balance as at 30 June 2016</b>		<b>21,419,564</b>	<b>914,722</b>	<b>89,009,313</b>	<b>111,343,599</b>
Comprehensive income					
Net result		375,936	0	0	375,936
Changes on revaluation of assets	13	0	0	177,649	177,649
Total comprehensive income		375,936	0	177,649	553,585
Transfers from/(to) reserves		194,044	(194,044)	0	0
<b>Balance as at 30 June 2017</b>		<b>21,989,545</b>	<b>720,678</b>	<b>89,186,962</b>	<b>111,897,184</b>

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

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

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,355,734	2,353,908	2,212,240
Operating grants, subsidies and contributions		1,296,510	1,032,755	514,448
Fees and charges		222,386	176,345	203,491
Interest earnings		84,853	107,000	98,236
Goods and services tax		40,006	100,000	(55,135)
Other revenue		107,827	63,538	248,690
		<u>4,107,316</u>	<u>3,833,546</u>	<u>3,221,970</u>
<b>Payments</b>				
Employee costs		(1,556,399)	(1,228,762)	(1,433,872)
Materials and contracts		(864,566)	(1,223,624)	(999,617)
Utility charges		(77,019)	(78,900)	(80,645)
Interest expenses		(19,942)	(22,303)	(20,519)
Insurance expenses		(187,746)	(183,080)	(174,502)
Goods and services tax		0	0	0
Other expenditure		(382,186)	(321,715)	(336,169)
		<u>(3,087,858)</u>	<u>(3,058,384)</u>	<u>(3,045,324)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>1,019,458</u>	<u>775,162</u>	<u>176,646</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(856,985)	(1,829,685)	(489,996)
Payments for construction of infrastructure		(1,819,993)	(1,715,076)	(1,876,092)
Non-operating grants, subsidies and contributions		1,218,177	2,043,048	1,531,190
Proceeds from sale of fixed assets		311,632	222,000	136,364
<b>Net cash provided by (used in) investment activities</b>		<u>(1,147,170)</u>	<u>(1,279,713)</u>	<u>(698,534)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(49,036)	(48,511)	(55,949)
Proceeds from self supporting loans		14,031	15,212	14,781
Proceeds from new debentures		175,000	175,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>139,995</u>	<u>141,701</u>	<u>(41,168)</u>
<b>Net increase (decrease) in cash held</b>		12,284	(362,850)	(563,056)
Cash at beginning of year		1,266,790	1,266,790	1,829,846
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u>1,279,074</u>	<u>903,940</u>	<u>1,266,790</u>

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

**Shire of Victoria Plains**  
**Annual Report 2016-2017**

SHIRE OF VICTORIA PLAINS  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		290,100	351,110	713,416
		<u>290,100</u>	<u>351,110</u>	<u>713,416</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		7,597	4,725	10,464
General purpose funding		1,610,592	1,084,315	621,332
Law, order, public safety		70,237	43,459	54,358
Health		3,205	2,483	3,564
Education and welfare		1,093	0	0
Housing		94,318	126,212	172,245
Community amenities		107,594	76,461	80,556
Recreation and culture		36,652	32,051	73,641
Transport		(4,728)	5,253	37,851
Economic services		37,210	31,317	49,987
Other property and services		96,175	35,863	125,882
		<u>2,059,945</u>	<u>1,442,139</u>	<u>1,229,880</u>
<b>Expenditure from operating activities</b>				
Governance		(466,239)	(441,072)	(425,631)
General purpose funding		(286,531)	(273,021)	(266,349)
Law, order, public safety		(230,296)	(331,324)	(276,718)
Health		(107,706)	(153,005)	(116,966)
Education and welfare		(38,409)	(41,863)	(39,367)
Housing		(233,961)	(217,728)	(237,644)
Community amenities		(426,103)	(400,447)	(336,676)
Recreation and culture		(641,264)	(599,612)	(680,449)
Transport		(2,560,230)	(3,038,076)	(2,988,524)
Economic services		(148,877)	(168,949)	(169,842)
Other property and services		(32,572)	(13,231)	(66,584)
		<u>(5,172,188)</u>	<u>(5,678,328)</u>	<u>(5,604,750)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	(3,528)	(6,000)	(8,732)
Loss on disposal of assets	21	61,433	49,000	6,574
Movement in deferred pensioner rates (non-current)		(2,199)	0	0
Movement in employee benefit provisions (non-current)		(17,171)	0	14,964
Depreciation and amortisation on assets	2(a)	1,801,324	2,529,710	2,509,869
<b>Amount attributable to operating activities</b>		<u>(982,285)</u>	<u>(1,312,369)</u>	<u>(1,138,779)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,218,177	2,043,048	1,531,190
Proceeds from disposal of assets	21	311,455	222,000	136,364
Purchase of property, plant and equipment	6(b)	(856,985)	(1,829,685)	(489,996)
Purchase and construction of infrastructure	7(b)	(1,819,993)	(1,715,076)	(1,876,092)
<b>Amount attributable to investing activities</b>		<u>(1,147,347)</u>	<u>(1,279,713)</u>	<u>(698,534)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	22(a)	(49,036)	(48,511)	(55,949)
Proceeds from new debentures	22(a)	175,000	175,000	0
Proceeds from self supporting loans		14,031	15,212	14,781
Transfers to reserves (restricted assets)	12	(18,716)	(34,000)	(368,537)
Transfers from reserves (restricted assets)	12	212,760	212,760	353,078
<b>Amount attributable to financing activities</b>		<u>334,039</u>	<u>320,461</u>	<u>(56,627)</u>
<b>Surplus(deficiency) before general rates</b>		<u>(1,795,592)</u>	<u>(2,271,621)</u>	<u>(1,893,940)</u>
<b>Total amount raised from general rates</b>	23	<u>2,269,999</u>	<u>2,271,621</u>	<u>2,184,040</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>474,407</u></u>	<u><u>0</u></u>	<u><u>290,100</u></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 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION**

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

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

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

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

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

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

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

**(b) Cash and Cash Equivalents**

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) **Trade and Other Receivables**

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

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

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

(d) **Inventories**

**General**

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

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

**Land held for sale**

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

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

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

(e) **Fixed Assets**

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

**Mandatory requirement to revalue non-current assets**

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

**Depreciation**

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

**Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**Income approach**

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

**Cost approach**

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

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

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

(g) Financial Instruments

**Initial recognition and measurement**

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

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

**Classification and subsequent measurement**

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

*Classification and subsequent measurement (continued)*

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

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

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

**(g) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(h) Impairment of Assets**

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

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

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

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

**(i) Trade and Other Payables**

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

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

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

**(j) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(k) Borrowing Costs**

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

**(l) Provisions**

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

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

**(m) Leases**

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

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

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

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

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

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

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

**(n) Investment in Associates**

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

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

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

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

**(o) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(n) 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 17.

**(p) Rates, Grants, Donations and Other Contributions**

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

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

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

**(q) Superannuation**

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

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

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

**(r) Current and Non-Current Classification**

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

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

**(u) Budget Comparative Figures**

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

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

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

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

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

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(w) Adoption of New and Revised Accounting Standards

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

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

(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	11,404	13,437
- Other Audit Services	0	6,194
<b>Depreciation</b>		
Buildings - non-specialised	128,042	123,265
Construction other than Buildings	69,142	69,142
Furniture and equipment	29,554	28,861
Plant and equipment	157,833	166,500
Motor vehicles	137,846	242,728
Infrastructure - Roads	1,131,729	1,738,315
Infrastructure - Footpaths	14,779	13,440
Infrastructure - Other	132,397	127,618
	<u>1,801,324</u>	<u>2,509,869</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 22 (a))	21,413	19,707
	<u>21,413</u>	<u>19,707</u>
<b>Other revenue</b>		
Other	107,827	248,690
	<u>107,827</u>	<u>248,690</u>
	2017	2016
	Actual	Budget
	\$	\$
<b>Interest earnings</b>		
- Loans receivable - clubs/institutions		13,209
- Reserve funds	18,023	18,000
- Other funds	44,109	77,500
Other interest revenue (refer note 28)	22,721	19,729
	<u>84,853</u>	<u>107,000</u>
		<u>98,236</u>

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

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

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.

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

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

**(b) Statement of Objective (Continued)**

**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.

**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 various sporting facilities. Operation of library, museum and other cultural facilities. 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.

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

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

**(b) Statement of Objective (Continued)**

**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 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance <sup>(1)</sup> 30/06/16 \$	Received <sup>(2)</sup> 2016/17 \$	Expended <sup>(3)</sup> 2016/17 \$	Closing Balance 30/06/17 \$
Law, order, public safety							
DFES Operating Grant - 2016-17 Advance Payment	12,320	0	(12,320)	0			0
<b>Total</b>	<b>12,320</b>	<b>0</b>	<b>(12,320)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		558,396	339,748
Restricted		<u>720,678</u>	<u>927,042</u>
		<b><u>1,279,074</u></b>	<b><u>1,266,790</u></b>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Long Service Leave Reserve	12	28,843	77,267
Plant Reserve	12	66,264	150,944
Housing Reserve	12	70,966	142,742
Sewerage Scheme Reserve	12	76,096	74,574
Refuse Site Reserve	12	273,652	267,922
Building Maintenance Reserve	12	75,815	74,201
Infrastructure Reserve	12	121,837	120,012
Gymnasium Reserve	12	7,205	7,060
Unspent grants	2(c)	<u>0</u>	<u>12,320</u>
		<b><u>720,678</u></b>	<b><u>927,042</u></b>
<b>3. INVESTMENTS</b>			
Financial assets at fair value through profit and loss		<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 2017

	2017 \$	2016 \$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	61,081	84,316
Sundry debtors	210,812	125,128
GST receivable	69,583	109,589
Loans receivable - clubs/institutions	17,175	15,212
ESL	4,070	0
Accrued Income	190,391	0
	<u>553,112</u>	<u>334,245</u>
<b>Non-current</b>		
Rates outstanding - pensioners	6,699	4,500
Loans receivable - clubs/institutions	240,249	256,243
	<u>246,948</u>	<u>260,743</u>
Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
<b>Rates outstanding</b>	<u>61,081</u>	<u>84,316</u>
Includes:		
Past due and not impaired	61,081	84,316
Impaired	0	0
<b>Sundry debtors</b>	<u>210,812</u>	<u>125,128</u>
Includes:		
Past due and not impaired	12,891	2,119
Impaired	0	0
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel & materials	41,242	41,727
	<u>41,242</u>	<u>41,727</u>

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

	2017 \$	2016 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2017 - level 2	822,000	0
- Independent valuation 2014 - level 2	0	1,136,000
	<u>822,000</u>	<u>1,136,000</u>
	<u>822,000</u>	<u>1,136,000</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2,3	6,595,102	0
- Independent valuation 2014 - level 2,3	0	6,084,500
- Additions after valuation - cost	0	282,928
Buildings - non-specialised - Less: accumulated depreciation	0	(244,951)
	<u>6,595,102</u>	<u>6,122,477</u>
Construction other than Buildings at:		
- Independent valuation 2015 - level 3	1,725,778	1,725,778
Construction other than Buildings - Less: accumulated depreciation	(138,284)	(69,142)
	<u>1,587,494</u>	<u>1,656,636</u>
	<u>8,182,596</u>	<u>7,779,113</u>
<b>Total land and buildings</b>	<u>9,004,596</u>	<u>8,915,113</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	187,461	187,461
- Additions after valuation - cost	47,000	0
Furniture and equipment - Less: accumulated depreciation	(29,554)	0
	<u>204,907</u>	<u>187,461</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	1,549,384	1,592,384
- Additions after valuation - cost	427,277	0
Plant and equipment - Less: accumulated depreciation	(156,749)	0
	<u>1,819,912</u>	<u>1,592,384</u>
Motor vehicles at:		
- Management valuation 2016 - level 3	1,518,151	1,815,151
- Additions after valuation - cost	220,220	0
Motor Vehicles - Less: accumulated depreciation	(114,817)	0
	<u>1,623,554</u>	<u>1,815,151</u>
	<u>12,652,969</u>	<u>12,510,109</u>

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	1,135,000	0	0	(314,000)	0	0	0	0	822,000
<b>Total land</b>	<b>1,135,000</b>	<b>0</b>	<b>0</b>	<b>(314,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>822,000</b>
Buildings - non-specialised	6,122,477	109,018	0	491,649	0	0	(128,042)	0	6,595,102
Construction other than Buildings	1,656,636	0	0	0	0	0	(69,142)	0	1,587,494
<b>Total buildings</b>	<b>7,779,113</b>	<b>109,018</b>	<b>0</b>	<b>491,649</b>	<b>0</b>	<b>0</b>	<b>(197,184)</b>	<b>0</b>	<b>8,182,596</b>
<b>Total land and buildings</b>	<b>8,915,113</b>	<b>109,018</b>	<b>0</b>	<b>177,649</b>	<b>0</b>	<b>0</b>	<b>(197,184)</b>	<b>0</b>	<b>9,004,596</b>
Furniture and equipment	187,461	47,000	0	0	0	0	(29,554)	0	204,907
Plant and equipment	1,592,384	427,277	(43,000)	0	0	0	(156,749)	0	1,819,912
Motor vehicles	1,815,151	273,691	(350,471)	0	0	0	(114,817)	0	1,623,564
<b>Total property, plant and equipment</b>	<b>12,510,109</b>	<b>856,985</b>	<b>(393,471)</b>	<b>177,649</b>	<b>0</b>	<b>0</b>	<b>(498,304)</b>	<b>0</b>	<b>12,652,969</b>

**SHIRE OF VICTORIA PLAINS**  
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**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
<b>Land and buildings</b>					
Land - freehold land	2	Sales comparison approach and cost approach	Independent Registered valuers	June 2017	Price per hectare
Land - vested in and under the control of Council	2	Sales comparison approach and cost approach	Independent Registered valuers	June 2017	Price per hectare
Buildings - non-specialised	2,3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2017	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 buildings using construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2016	Residual values and remaining useful life assessments
<b>Plant and equipment</b>					
- Management valuation 2016	2	Market approach using recent observable market data for similar plant and equipment	Independent Registered valuers	June 2016	Price per item
- Management valuation 201X	2	Market approach using recent observable market data for similar plant and equipment	Independent Registered valuers	June 2016	Price per item
<b>Motor vehicles</b>	1	Market approach using recent observable market data for similar plant and equipment	Independent Registered valuers	June 2016	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  
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	2017	2016
	\$	\$
<b>7 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation 2015 - level 3	91,031,759	91,031,759
- Additions after valuation - cost	3,198,641	1,658,002
Infrastructure - Roads - Less: accumulated depreciation	<u>(2,870,044)</u>	<u>(1,738,315)</u>
	<b>91,360,356</b>	<b>90,951,446</b>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	447,999	447,999
- Additions after valuation - cost	93,286	44,644
Infrastructure - Footpaths - Less: accumulated depreciation	<u>(28,219)</u>	<u>(13,440)</u>
	<b>513,066</b>	<b>479,203</b>
Infrastructure - Other		
- Management valuation 2015 - level 3	6,327,839	6,327,839
- Additions after valuation - cost	404,158	173,446
Infrastructure - Other - Less: accumulated depreciation	<u>(260,016)</u>	<u>(127,618)</u>
	<b>6,471,981</b>	<b>6,373,667</b>
	<b>98,345,403</b>	<b>97,804,316</b>

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

SHIRE OF VICTORIA PLAINS  
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7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	90,951,446	1,540,639	0	0	0	0	(1,131,729)	0	91,360,356
Infrastructure - Footpaths	479,203	48,642	0	0	0	0	(14,779)	0	513,066
Infrastructure - Other	6,373,667	230,712	0	0	0	0	(132,357)	0	6,471,981
<b>Total Infrastructure</b>	<b>97,804,316</b>	<b>1,819,993</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,278,906)</b>	<b>0</b>	<b>98,345,403</b>

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7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	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  
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	2017	2016
	\$	\$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	504,309	185,167
Accrued interest on debentures	3,882	2,411
Accrued salaries and wages	4,099	5,116
ATO liabilities	0	38,115
Pre-paid Rates	0	23,079
Payroll Creditors	4,848	0
	<u>517,138</u>	<u>253,888</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	58,691	40,747
	<u>58,691</u>	<u>40,747</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	478,577	370,557
	<u>478,577</u>	<u>370,557</u>

Additional detail on borrowings is provided in Note 22.

**10. PROVISIONS**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2016</b>			
Current provisions	63,072	105,768	168,840
Non-current provisions	0	40,299	40,299
	<u>63,072</u>	<u>146,067</u>	<u>209,139</u>
Additional provision	0	0	0
Amounts used	(3,781)	(32,737)	(36,518)
<b>Balance at 30 June 2017</b>	<u>59,291</u>	<u>113,330</u>	<u>172,621</u>
<b>Comprises</b>			
Current	59,290,52	84,740	144,031
Non-current	0	23,128	23,128
	<u>59,291</u>	<u>107,868</u>	<u>167,158</u>

**SHIRE OF VICTORIA PLAINS**  
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**12. RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Long Service Leave Reserve	77,267	1,577	(50,000)	28,844	77,387	1,583	(50,000)	28,970	75,239	2,028		77,267
Plant Reserve	150,944	3,080	(87,760)	66,264	151,179	1,857	(87,760)	65,276	146,983	3,961		150,944
Housing Reserve	142,742	3,224	(75,000)	70,966	142,781	2,925	(75,000)	70,706	190,996	3,746	(52,000)	142,742
Sewerage Scheme Reserve	74,574	1,522		76,096	74,690	1,528		76,218	72,617	1,957		74,574
Refuse Site Reserve	267,922	5,731		273,653	269,595	5,510		275,105	304,891	7,031	(44,000)	267,922
Building Maintenance Reserve	74,201	1,614		75,815	74,791	18,036		92,827	88,878	1,947	(16,624)	74,201
Infrastructure Reserve	120,012	1,825		121,837	117,228	2,416		119,644	12,784	347,682	(240,454)	120,012
Gymnasium Reserve	7,060	144		7,204	7,071	145		7,216	6,875	185		7,060
	<b>914,722</b>	<b>18,716</b>	<b>(212,760)</b>	<b>720,678</b>	<b>914,722</b>	<b>34,000</b>	<b>(212,760)</b>	<b>735,962</b>	<b>899,263</b>	<b>368,537</b>	<b>(353,078)</b>	<b>914,722</b>

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

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Long Service Leave Reserve	As required	To be used to fund annual and long service leave requirements.
Plant Reserve	As required	To be used for the purchase of major plant.
Housing Reserve	As required	To be used in the procurement of staff housing.
Sewerage Scheme Reserve	As required	To be used to maintain and improve the Calingiri sewerage system.
Refuse Site Reserve	As required	To be used to fund future refuse site development.
Building Maintenance Reserve	As required	To be used for long term maintenance of Shire buildings.
Infrastructure Reserve	As required	To be used for future infrastructure development to ensure long term Shire sustainability.
Gymnasium Reserve	As required	To be used for future purchases and replacement of gymnasium equipment.

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13. REVALUATION SURPLUS

	2017			2016		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	2017 Total Movement on Revaluation	2016 Revaluation Increment	2016 Revaluation (Decrement)
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	4,870,609	491,649	(314,000)	177,649	0	0
Revaluation surplus - Furniture and equipment	27,899	0	0	0	27,899	0
Revaluation surplus - Plant and equipment	262,556	0	0	0	262,556	0
Revaluation surplus - Motor vehicles	116,405	0	0	0	116,405	0
Revaluation surplus - Infrastructure - Roads	78,768,701	0	0	0	0	0
Revaluation surplus - Infrastructure - Footpaths	274,705	0	0	0	274,705	0
Revaluation surplus - Infrastructure - Other	4,688,438	0	0	0	4,688,438	0
	<b>89,009,313</b>	<b>491,649</b>	<b>(314,000)</b>	<b>177,649</b>	<b>406,860</b>	<b>0</b>
					<b>88,602,453</b>	<b>406,860</b>
						<b>89,009,313</b>

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

SHIRE OF VICTORIA PLAINS  
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**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	2017 \$	2017 Budget \$	2016 \$
Cash and cash equivalents	1,279,074	903,940	1,266,790
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	375,936	78,480	(659,640)
Non-cash flows in Net result:			
Depreciation	1,801,324	2,529,710	2,509,869
(Profit)/Loss on sale of asset	57,905	43,000	(2,158)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(219,103)	119,787	(183,218)
(Increase)/Decrease in inventories	485	0	(25,919)
Increase/(Decrease) in payables	263,068	7,233	29,007
Increase/(Decrease) in provisions	(41,981)	40,000	39,895
Grants contributions for the development of assets	(1,218,177)	(2,043,048)	(1,531,190)
<b>Net cash from operating activities</b>	<b>1,019,458</b>	<b>775,162</b>	<b>176,646</b>
<b>(c) Undrawn Borrowing Facilities</b>	<b>2017 \$</b>		<b>2016 \$</b>
<b>Credit Standby Arrangements</b>			
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	(12)		(796)
<b>Total amount of credit unused</b>	<b>19,988</b>		<b>19,204</b>
<b>Loan facilities</b>			
Loan facilities - current	58,691		40,747
Loan facilities - non-current	478,577		370,557
<b>Total facilities in use at balance date</b>	<b>537,268</b>		<b>411,304</b>
<b>Unused loan facilities at balance date</b>	<b>Nil</b>		<b>Nil</b>

SHIRE OF VICTORIA PLAINS  
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**15. CONTINGENT LIABILITIES**

The Shire did not have any contingent liabilities to report for the financial year 2016/17.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

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

**(b) Capital Expenditure Commitments**

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

SHIRE OF VICTORIA PLAINS  
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**17. 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. The only assets are the land and buildings. Council's twenty five per cent (25%) share of these assets is included in the Property, Plant & Equipment as follows:-

	2017	2016
	\$	\$
<b>Non-current assets</b>		
Land and buildings	225,765	279,359
Less: accumulated depreciation	(16,566)	(11,020)
	<u>209,199</u>	<u>268,339</u>

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

	2017	2016
	\$	\$
Governance	473,856	575,195
General purpose funding	67,779	82,014
Law, order, public safety	177,800	1,356,607
Health	0	37
Education and welfare	10,150	10,575
Housing	1,803,297	2,797,241
Community amenities	2,179,293	2,559,238
Recreation and culture	4,986,189	4,342,978
Transport	97,169,420	97,158,284
Economic services	206,951	173,788
Other property and services	3,877,903	2,242,209
Unallocated	2,166,110	919,764
	<u>113,118,748</u>	<u>112,217,930</u>

SHIRE OF VICTORIA PLAINS  
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	2017	2016	2015
<b>19. FINANCIAL RATIOS</b>			
Current ratio	1.67	1.85	3.14
Asset sustainability ratio	1.25	0.80	1.49
Debt service cover ratio	13.92	4.48	16.53
Operating surplus ratio	(0.32)	(0.86)	(0.11)
Own source revenue coverage ratio	0.51	0.46	0.57

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.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$519,192.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$484,619.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	0.91	1.95	3.14
Debt service cover ratio	6.47	(0.67)	10.28
Operating surplus ratio	(0.51)	(0.67)	(0.31)

**SHIRE OF VICTORIA PLAINS**  
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**20. TRUST FUNDS**

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

	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Council Nominations	0	240	(240)	0
Housing Bonds	0	2,100	(2,100)	0
BCITF	644	3,933	(3,624)	953
BSL	2,134	3,176	(2,890)	2,420
Gym Key Bonds	402	380	(120)	642
Hall Bonds	540	500	(500)	540
Tip Key Bonds	1,258	260	(60)	1,458
Community Bus	10	(60)	(110)	(160)
Transport Licencing	1,052	269,293	(267,966)	2,379
Other	1,235	1,567	(1,417)	1,385
	<b>7,275</b>	<b>281,369</b>	<b>(279,027)</b>	<b>9,617</b>

**21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Governance</b>								
Motor vehicles					75,000	77,500	2,500	0
MV091 - Jeep Grand Cherokee	56,219	44,223	0	(11,996)				
MV092 - Jeep Grand Cherokee	33,883	27,273	0	(6,610)				
MV094 - Subaru Outback	38,462	32,727	0	(5,735)				
<b>Transport</b>								
Plant & equipment					149,000	100,000	0	(49,000)
MV050 - Hino 300 Series 716	24,700	18,000	0	(6,700)				
MV063 - Hino 700 Series	99,750	91,818	0	(7,932)				
PE073 - Manitou Telehandler	41,916	31,000	0	(10,916)				
<b>Other property and services</b>								
Motor vehicles					41,000	44,500	3,500	0
MV078 - Nissan RX Dual Cab Ute	25,635	14,091	0	(11,544)				
MV098 - Toyota Prado 2.8L	48,972	52,500	3,528	0				
	<b>369,537</b>	<b>311,632</b>	<b>3,528</b>	<b>(61,433)</b>	<b>265,000</b>	<b>222,000</b>	<b>6,000</b>	<b>(49,000)</b>

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**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>								
LOAN 68 Lambert Crescent	0	0	0	0	0	0	154	0
<b>Community amenities</b>								
LOAN 72 Droughtproofing Calligini	28,979	0	9,041	9,041	19,938	19,938	1,642	1,761
<b>Recreation and culture</b>								
LOAN 82 Calligini Sports Pavilion	110,870	0	16,494	16,494	94,376	94,376	4,701	4,784
<b>Economic services</b>								
LOAN 84 Piawaning Water Supply	0	175,000	7,760	7,764	167,240	167,236	3,582	2,170
	<b>139,849</b>	<b>175,000</b>	<b>33,295</b>	<b>33,299</b>	<b>281,554</b>	<b>281,550</b>	<b>10,079</b>	<b>8,715</b>
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
LOAN 83 Calligini Football Club	271,455	0	15,741	15,212	255,714	256,556	11,334	13,588
	<b>271,455</b>	<b>0</b>	<b>15,741</b>	<b>15,212</b>	<b>255,714</b>	<b>256,556</b>	<b>11,334</b>	<b>13,588</b>
	<b>411,304</b>	<b>175,000</b>	<b>49,036</b>	<b>48,511</b>	<b>537,268</b>	<b>538,106</b>	<b>21,413</b>	<b>22,303</b>

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

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**22. INFORMATION ON BORROWINGS (Continued)**

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate		Amount Used		Balance Unspent
	Actual	Budget					%		Actual	Budget	
	\$	\$				\$			\$	\$	\$
Plawaning Water Project	175,000	175,000	WATC	Fixed	10	23,772	2.49%		175,000	175,000	0
	<b>175,000</b>	<b>175,000</b>				<b>23,772</b>			<b>175,000</b>	<b>175,000</b>	<b>0</b>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30th June 2017.

(d) Overdraft

The Shire did not have an overdraft facility as at 30th June 2017.

SHIRE OF VICTORIA PLAINS  
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23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV	0.0906		1,834,000	165,423			165,423	165,423	0	0	165,423
Unimproved value valuations											
UV	0.0084		244,426,000	2,044,868		(652)	2,044,216	2,044,868	0	0	2,044,868
Sub-Total		0	246,260,000	2,210,291	0	(652)	2,209,639	2,210,291	0	0	2,210,291
Minimum payment											
Gross rental value valuations											
GRV	420	73	-	30,660	0	0	30,660	31,080	0	0	31,080
Unimproved value valuations											
UV	550	55	-	29,700	0	0	29,700	30,250	0	0	30,250
Sub-Total		128	-	60,360	0	0	60,360	61,330	0	0	61,330
		128	246,260,000	2,270,651	0	(652)	2,269,999	2,271,621	0	0	2,271,621
Discounts/concessions (refer note 27)							0	0			0
Total amount raised from general rate							2,269,999				2,271,621
Specified Area Rate (refer note 25)							0				0
Ex-gratia rates							64,699				62,500
Totals							2,334,698				2,334,121

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

**24. NET CURRENT ASSETS**

Composition of net current assets

	2017 (30 June 2017 Carried Forward) \$	2017 (1 July 2016 Brought Forward) \$	2016 (30 June 2016 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<b>474,406</b>	<b>290,100</b>	<b>290,100</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	558,396	339,748	339,748
Restricted	720,678	927,042	927,042
Receivables			
Rates outstanding	61,081	84,316	84,316
Sundry debtors	210,812	125,128	125,128
GST receivable	69,583	109,589	109,589
Loans receivable - clubs/institutions	17,175	15,212	15,212
ESL	4,070	0	0
Accrued Income	190,391	0	0
Inventories			
Fuel & materials	41,242	41,727	41,727
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(509,157)	(185,167)	(185,167)
Accrued interest on debentures	(3,882)	(2,411)	(2,411)
Accrued salaries and wages	(4,099)	(5,116)	(5,116)
ATO liabilities	0	(38,115)	(38,115)
Pre-paid Rates	0	(23,079)	(23,079)
Current portion of long term borrowings			
Secured by floating charge	(58,691)	(40,747)	(40,747)
Provisions			
Provision for annual leave	(59,291)	(63,072)	(63,072)
Provision for long service leave	(84,740)	(105,768)	(105,768)
<b>Unadjusted net current assets</b>	<b>1,153,568</b>	<b>1,179,287</b>	<b>1,179,287</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(720,678)	(914,722)	(914,722)
Less: Loans receivable - clubs/institutions	(17,175)	(15,212)	(15,212)
Add: Secured by floating charge	58,691	40,747	40,747
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>474,406</b>	<b>290,100</b>	<b>290,100</b>

**Difference**

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

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

**25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

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

**26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

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

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

**Rates Discounts:**  
Nil.

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

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

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

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

	Date Due	Instalment Plan		Instalment Interest Rate %	Unpaid Rates Interest Rate %
		Admin Charge \$	Charge \$		
<b>Instalment Option</b>					
<b>4 x instalments</b>		4.50	5.50%	11.00%	
First Instalment	09-Sep-16				
Second Instalment	09-Dec-16				
Third Instalment	09-Feb-17				
Fourth Instalment	09-Apr-17				
Interest on unpaid rates			Revenue	Budgeted	
Interest on instalment plan			\$	Revenue	\$
Charges on instalment plan			15,040	5,000	
			7,681	6,500	
			2,852	2,000	
			<u>25,573</u>	<u>13,500</u>	

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

	2017	2016
	\$	\$
<b>29. FEES &amp; CHARGES</b>		
Governance	3,277	6,806
General purpose funding	2,852	1,522
Law, order, public safety	3,553	1,161
Health	644	148
Housing	57,444	64,806
Community amenities	104,702	76,793
Recreation and culture	6,527	7,711
Economic services	21,702	18,133
Other property and services	21,685	26,411
	<u>222,386</u>	<u>203,491</u>

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

**30. GRANT REVENUE**

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

	2017	2016
	\$	\$
<b>By Nature or Type:</b>		
<b>Operating grants, subsidies and contributions</b>		
Governance	1,336	6,770
General purpose funding	1,481,116	471,613
Law, order, public safety	61,647	48,635
Education and welfare	820	0
Community amenities	955	1,181
Recreation and culture	12,687	47,955
Other property and services	18,094	31,501
	<u>1,576,655</u>	<u>607,655</u>
<b>Non-operating grants, subsidies and contributions</b>		
Housing	64,299	58,668
Community amenities	20,000	80,000
Transport	1,133,878	1,392,522
	<u>1,218,177</u>	<u>1,531,190</u>
	<u>2,794,832</u>	<u>2,138,845</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

20	20
----	----

**32. ELECTED MEMBERS REMUNERATION**

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	65,313	67,500	54,000
President's allowance	6,500	6,500	5,500
Deputy President's allowance	1,625	1,625	1,375
Travelling expenses	15,699	4,000	7,043
Telecommunications allowance	8,954	9,000	8,362
	<u>98,091</u>	<u>88,625</u>	<u>76,280</u>

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

**33. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	2017 \$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	93,858
Post-employment benefits	13,805
Termination benefits	62,214
	<u>169,877</u>

**Short-term employee benefits**

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

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

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

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Entities subject to significant influence by the Shire*

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

*iii. Joint venture entities accounted for under the equity method*

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 17.

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

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	2017
	\$
Associated companies/individuals:	24,127
Joint venture entities:	0
Amounts outstanding from related parties:	0
Amounts payable to related parties:	1,226

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

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

**34. MAJOR LAND TRANSACTIONS**

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

**35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

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

**36. FINANCIAL RISK MANAGEMENT**

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

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

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

*The Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,279,074	1,266,790	1,279,074	1,266,790
Receivables	800,060	594,988	800,060	594,988
	<u>2,079,134</u>	<u>1,861,778</u>	<u>2,079,134</u>	<u>1,861,778</u>
<b>Financial liabilities</b>				
Payables	517,138	253,888	517,138	253,888
Borrowings	537,268	411,304	537,268	411,304
	<u>1,054,406</u>	<u>665,192</u>	<u>1,054,406</u>	<u>665,192</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 2017

**36. 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.

	2017	2016
	\$	\$
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	127,907	126,679
- Statement of Comprehensive Income	127,907	126,679
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	12,791	12,668
- Statement of Comprehensive Income	12,791	12,668

*Notes:*

<sup>(1)</sup> 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 2017

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

**(b) Receivables**

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

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	94%	76%
- Overdue	6%	24%

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

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

**(c) Payables**  
**Borrowings**

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

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

	<u>2017</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	517,138	0	0	517,138	447,555
Borrowings	58,691	227,350	251,756	537,797	537,268
	<u>575,829</u>	<u>227,350</u>	<u>251,756</u>	<u>1,054,935</u>	<u>984,823</u>
	<u>2016</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	253,888	0	0	253,888	253,888
Borrowings	40,747	162,801	207,756	411,304	411,304
	<u>294,635</u>	<u>162,801</u>	<u>207,756</u>	<u>665,192</u>	<u>665,192</u>

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

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

**(c) Payables**  
**Borrowings (continued)**

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
	\$	\$	\$	\$	\$	\$	\$	
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	19,937	0	0	20,584	497,276	537,797	2.72%
Weighted average Effective interest rate	0.00%	6.58%	0.00%	0.00%	4.48%	2.49%		
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	28,979	0	382,325	0	411,304	4.91%
Weighted average Effective interest rate	6.78%	0.00%	0.00%	6.58%	0.00%	4.78%		



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

**Opinion**

We have audited the financial report of Shire of Victoria Plains for the year ended 30 June 2017. 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 and Rate Setting Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report of the Shire of Victoria Plains is in accordance with the requirements of the *Local Government Act 1995*, including:

- a) giving a true and fair view of the Shire of Victoria Plains financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire of Victoria Plains in accordance with auditor independence requirements of the *Local Government Act 1995* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**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 other instances 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 61 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.



#### **Information Other than the Financial Report and Auditor's Report Thereon**

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Council, and Those Charged with Governance for the Financial Report**

The Council is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Local Government Act 1995 and Regulations*, and is appropriate to meet the needs of the electors. Council's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Council is responsible for assessing the Shire of Victoria Plains ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intend to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Shire of Victoria Plains financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.



- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire of Victoria Plains ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire of Victoria Plains to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dated the 22<sup>nd</sup> day of December 2017 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 2017

**RATIO INFORMATION**

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

	2017	2016	2015
Asset consumption ratio	0.97	0.98	1.00
Asset renewal funding ratio	0.94	1.03	0.90

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 30 JUNE 2017

### 1. ASSET SUSTAINABILITY RATIO

Capital Renewal and Replacement Expenditure	2,256,329	
	-----	=
Depreciation Expense	1,801,324	1.253

**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.	455,841	
- operating revenue	370,473	
- less: specific purpose grants	(1,218,177)	
- less: FAGS grant received in advance	(519,192)	
- less: operating expense	0	
- add: interest expense	21,413	
- add: depreciation	1,801,324	
	-----	=
Principal and Interest	70,449	6.471
- principal repayments on loans	49,036	
- interest repayments on loans	21,413	
- 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

<b>Operating Revenue Minus Operating Expense</b>	(1,366,896)	
- operating revenue	370,473	
- less: specific purpose grants	(1,218,177)	
- less: FAGS grant received in advance	(519,192)	
	-----	=
<b>Own Source Operating Revenue</b>	2,645,465	<b>-0.517</b>
- rates and service charges	2,334,698	
- add: fees and user charges	222,386	
- add: reimbursements and recoveries	0	
- add: interest income	84,853	
- add: profit on disposal of assets	3,528	

**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

<b>Own Source Operating Revenue</b>	2,645,465	
- rates and service charges	2,334,698	
- add: fees and user charges	222,386	
- add: reimbursements and recoveries	0	
- add: interest income	84,853	
- add: profit on disposal of assets	3,528	
	-----	=
<b>Operating Expense</b>	5,177,651	<b>0.511</b>

**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	110,998,372	=	0.970
Current Replacement Cost of Depreciable Assets	114,431,311		

**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	17,276,365	=	0.935
NPV of Required Capital Expenditure Over 10 years	18,476,613		

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

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

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

## ADMINISTRATION REPORT

### **Freedom of Information 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 July 2014.

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**

2015-2016 saw an update of Record's Management under the Shire of Victoria Plains Recordkeeping Plan. The Record Keeping Plan was subsequently endorsed by the State Records Commission.

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.

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 was 1 entry made in the complaints register under Section 5.121 of the Local Government Act 1995 during the 2016-17 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 2016-2017 financial year, the Shire of Victoria Plains had two (2) employees who received an annual salary of \$100,000 or more.

**Review and update of Strategic Plans**

The Shire of Victoria Plains is currently undertaking a review 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.



Staff

**Senior Staff**

Chief Executive Officer  
DCEO/Finance & Administration Manager  
Works Manager  
Health, Building and Planning

Ms Glenda Teede  
Mr Ian Graham  
Mr David Holland  
Mr Linton Thomas

**Office Staff**

Executive Assistant  
Finance Officer/Creditors & Payroll  
Finance Officer/Rates  
Customer Services Officer/Library Officer  
Customer Services Officer  
Community Development Officer  
Community Emergency Services Officer

Ms Suzanne Mearns  
Mrs Susan Mills  
Mr Dom Bono (Temp)  
Mrs Peta Shales  
Ms Tracy Martin  
Ms Jaime Hawkins  
Mrs Vicki Booth

**Field Staff**

Supervisor  
Leading Hand  
Grader Driver  
Gardener  
Plant Operators

Mr Pat McDermott  
Mr Peter Flood  
Mr Michael Hyatt  
Mr Matthew Hauesler  
Mr Don Bald  
Mr Trevor Lynch  
Mr Rob O'Brien  
Mr Gary James  
Mr Jamie Bald  
Mr Garry Stewart  
Mr Paul Spowart  
Mr Shayne Willcocks  
Mr Phil Cook

Town Maintenance/Plant Operators  
Building Maintenance Officer  
Ranger/Engineering Support Officer  
Depot Clerk

Mrs Annette Lee

**Caravan Park Caretaker** -Bolgart

**Caravan Park Caretaker** -Calingiri  
Mr Shayne Willcocks

**Librarians**—Bolgart

Mrs Sue Ludemann

Ms Rosina Ainsworth

**Cleaner**—Bolgart

Mrs Nancy Holmes

**Librarians**—Mogumber

Mrs Phyllis Toms  
Mrs Joan Harvey



**Statistics and Facts**

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

Towns:-	Bolgart Calingiri Gillingarra Mogumber New Norcia Piawaning Yerecoin
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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****28 Cavell Street****Calingiri WA 6569****Ph: (08) 9628 7004****Fax: (08) 9628 7008****Email: [reception@victoriaplains.wa.gov.au](mailto:reception@victoriaplains.wa.gov.au)****Website: [www.victoriaplains.wa.gov.au](http://www.victoriaplains.wa.gov.au)**

