

1 JULY 2012 TO 30 JUNE 2013
SHIRE OF VICTORIA PLAINS

ANNUAL REPORT



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A MESSAGE FROM THE PRESIDENT

We have had another good year and favourable report from new Shire Auditors Anderson, Munroe and Wylie with some highlights as follows:

Operating Surplus: \$281,071

Loans: Outstanding Principal as at 30th June 2013 \$256,421

Reserves: Balance at 30th June 2012 \$1,163,606

Road Expenditure: \$1,033,902 Construction and \$712,615

Maintenance.



The Shire had a quiet year on plant upgrades with the only major purchase being a multi tyred roller.

The new Integrated Planning and Reporting framework introduced by the State Government required various plans including a new Community Strategic Plan to be completed by the 30th June 2013. The new Strategic Plan was prepared based on the previous plan and the results of a survey sent out to all residents in 2012 and the goals contained in that plan for the next ten years are 1. Growth – Plan for and facilitate sustainable growth and development 2. Community – Increase the sustainability of the community 3. Shire Infrastructure – Responsibly maintain as fit for purpose 4. Governance – Ensure good governance of the shire.

It has been a stable year staff wise and after the problems with the Works Manager position in recent years it is good to have someone of the calibre of Greg Stephens in the position.

The State Government is still pushing structural reform, but while we have the support of the National Party policy of not forcing amalgamations in country areas we are safe. The amalgamation process is starting in the metropolitan area and there is little chance that it won't proceed in country areas in years to come.

The local farmers appear to be having a good season and without the late destructive rains on recent years should have a positive financial result.

I wish all ratepayers a happy and prosperous future.

Many thanks to my Deputy Cr Lovelock, fellow councillors and Shire staff for their ongoing support.

Regards
Geoff Erickson
Shire President

FROM THE CHIEF EXECUTIVE OFFICER

The 2012/2013 financial year was a year which saw a number of changes and a lot of hard work for staff particularly Ian Graham the Finance and Administration Manager/ Deputy CEO. The State Government asked Local Governments around the state to introduce a new Integrated Planning and Reporting (IPR) system by the 30th June 2013.



The IPR system included the preparation of a new 10 year Community Strategic Plan, a 4 year Corporate Business Plan, a 10 year Long Term Financial Plan, a Workforce Plan and various Asset Management Plans. Those Local Governments that had embraced the previous Local Government Ministers amalgamation plan received up to \$100,000 to help with the preparation of these plans while shires like Victoria Plains who did not wish to amalgamate received no funding and had to go it alone.

The Community Strategic Plan was completed by a committee comprising the CEO, Shire President and two other Councillors utilising information gathered from a community survey. Deputy CEO Ian Graham undertook most of the work in preparing the other plans with input from other staff and some Consultants.

Local Government reform is still high on the agenda of the newly elected state government however with the focus for the next couple of years on the metropolitan area there is likely to be some reprieve for us in the country. However amalgamation is not going away and it will be in the back of our minds as we plan the way forward. As members of the Avon Voluntary Regional Organisation of Councils (AROC) we will be discussing with other members how we as a group deal with this.

Major projects commenced in the shire this year included the Bolgart Community Park, the Bolgart Emergency Water Supply, the sealing and upgrade of the final section of the Bolgart East Road and the continuation of the upgrade of the Gillingarra Glentromie Road. The Bolgart Community Park was mostly funded by LotteryWest, the Emergency Water Supply with funding from the Department of Water and the Bolgart East Road was mostly funded by Royalties for Regions.

The shire continued to grow, albeit slowly, with the building of a processing plant and storage sheds for Hay Australia on Carani West Road near Calingiri, while Landcorp undertook some residential land development in the Bolgart townsite releasing two new blocks as stage one of a project that sees stage two as the development of Martin Place at the top of town. Stage two will only proceed when stage one blocks are sold.

I would once again conclude by thanking the shire staff and Councillors for their help and support this year particularly Fiona Watson, Ian Graham, Greg Stephens and outgoing Shire President Geoff Erickson.

Harry Hawkins
Chief Executive Officer

FINANCE AND ADMINISTRATION MANAGER'S REPORT



SURPLUS/DEFICIT

The 2012/2013 financial year has resulted in a net surplus carried forward of \$1,184,563. Note however that this surplus includes \$429,939 advance on the 2013/2014 financial assistance grants and unspent grants totaling \$319,303.

The operating surplus was \$281,071 against a budgeted operating surplus of \$32,989. This was after allowing for a fair value decrement (loss) of \$156,977 resulting from "Fair Value" valuations on Plant & Equipment, Furniture and Equipment and Motor Vehicles.

FAIR VALUE

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at "Fair Value" became mandatory. Fair value is to be introduced in a staged process, as follows:

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

"Fair Value" valuations were applied to the following classes of assets as at 30th June 2013 as follows:

Asset Class	Book Value 30/6/13	Fair Value 30/6/13	Gain/(Loss)
Plant & Equipment	\$1,438,993	\$1,341,377	(\$97,616)
Furniture & Equipment	\$121,887	\$113,189	(\$8,698)
Motor Vehicles	\$1,463,718	\$1,413,055-	(\$50,663)
TOTAL:			(\$156,977)

BORROWINGS

As at 30th June 2013, the total borrowings were \$256,421. There were no new borrowings during the 2012/2013 financial year. Debt principal repaid during the year was \$40,141.

INTEREST

Interest earnings for the financial year 2012/2013 amounted to \$104,059 against a budget of \$84,500. Of the interest income, \$43,420 resulted from short term investments on reserve funds and \$47,408 from municipal funds.

Interest expense on borrowings for the year amounted to \$15,980 (2011/2012 \$9,333).

RATES

Income from rates amounted to \$1,981,801, including ex-gratia rates of \$56,390 and allowing for the \$2,000 incentive payment for early payment of rates. Total rates income amounted to a rate coverage of 37% on total income for the period.

ROADS

Total road grants income received for the financial year amounted to \$1,208,191 as follows:

• WA State Government Regional Road Grants (Projects)	\$271,429
• WA State Government Direct Road Grant	\$88,752
• Roads to Recovery Funding	\$228,981
• Ag-Lime Route Grant	\$122,320
• Federal Assistance Grants 2012/2013 (Roads)	\$220,247
• Federal Assistance Grants 2013/2014 (Roads) advance payment	\$276,462

We also received \$297,834 from Royalties for Regions which has been allocated to road works (Bolgart East Road).

Total road expenditure was \$1,746,517 as follows:

- Road Construction \$1,033,902 (budget \$1,142,300)
- Road Maintenance \$712,615 (budget \$732,973)

The major road construction works were:-

- Regional Roads Program – Gillingarra/Glentromie Rd
- Roads to Recovery Program - Yerecoin/Glentromie Rd
- Ag-Lime intersection (Toodyay Bindi Bindi Road/Calingiri-Goomalling Road)
- Bolgart East Road
- Bolgart West Road

PLANT

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

Multi-tyred Roller	\$155,700
Maintenance Crew Truck	\$66,721
Tractor & Mower	\$50,000

RESERVES

As at 30th June 2013, the cash-backed reserves balance was \$1,163,606 (2011/2012 \$1,065,342), against an original budgeted closing balance of \$1,650,922.

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 for 2012/2013 financial year (i.e. year-ended 30th June 2013).

The six new ratios are:

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

ADMINISTRATION

The Shire administration office received an upgrade to meet the security requirements of the Bendigo Bank for our bank agency and additionally to improve aesthetics and functionality.

The internet link between the Shire administration office server and the Depot was improved through the installation of a directional antenna. Depot staff now have a computer speed identical to the administration office staff when connected to the terminal server – a considerable improvement.

A new 30kva generator was purchased and permanently installed next to and wired to the Shire administration office. This was deemed necessary as the existing portable 10kva generator was not capable of running the administration computer system along with general lighting and air conditioning during power outages. The portable 10kva generator can now be utilized at community emergency centres as required.

Staff numbers in the finance and administration department increased by one when we welcomed Jaime Hawkins to the new position of Community Development Officer during the year.

CONCLUSION

My thanks go to the team in finance and administration and to all other Shire staff for their support and the work they have done and in maintaining a very high standard for the year. My thanks also go to the Councillors for their support during the year and I look forward to a productive and successful 2013/2014.

Ian Graham

Deputy CEO / Finance and Administration Manager

FROM THE WORKS AND SERVICES DEPARTMENT



The Works and Services Section undertakes capital construction, major maintenance works, and the routine maintenance of hard infrastructure within the Shire. To undertake these required activities a portion of funding is derived from external grant funds being various Federal and State Government agencies and from other Council income streams.

Granted Revenue

External funding is the major income stream for capital works and major maintenance of Councils assets and in the 2012/2013 financial year external Australian or Western Australian Government granted funding to the Shire of Victoria Plains.

The major external funding agencies providing grants or contributions to the Shire of Victoria Plains are:

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

Works and Service Functions

Major capital construction projects undertaken in the 2012/2013 financial year were:

- Bolgart West Road - Gravel Resheet.
 - Expenditure \$85,606
 - Funding Assistance from : Council and Direct Road Funding
- Bolgart East Road - Stage 1 Construction.
 - Expenditure \$97,645
 - Funding Assistance from : Regional Roads Group, Council and Direct Road Funding
- Gillingarra Glentromie Road - Reconstruction and seal.
 - Expenditure \$255,687
 - Funding Assistance from : Regional Roads Group
- Yerecoin Glentromie Road - Road widening and seal.
 - Expenditure \$228,981
 - Funding Assistance from : Roads to Recovery

- Ag Lime Toodyay Bindi Bindi/Goomalling Road - Intersection Re construction.
 - Expenditure \$182,962
 - Funding Assistance from : Ag Lime Route

- Benaring Road - New Culvert
 - Expenditure \$41,813
 - Funding Assistance from : Council and Direct Road Funding

Council carried forward four projects into the 2013/2014 financial year.

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 funding management and acquittal
- RRG 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.

Parks and Gardens

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

Plant

The Council purchased and or replaced the following items in this reporting period.

- Purchase: Various Light Plant
- Purchase: Multi Tyred Roller
- Purchase: Tractor with 5 meter mower
- Purchase: Maintenance Crew Cab Truck
- Purchase: Zero Turn Mower

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.

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” Road Management 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 Road Management 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 Grants Commission to calculate funds allocated to the Shire from the Grants Commission.

Private Works

Council aims to be responsive to ratepayers requests for minor improvements and fault rectification. Requests vary dramatically and can be minor in nature from sweeping a path, 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 9 staff that operates from the Shire Depot with the Works and Services Manager, located on the corner of Edmonds Street and Cavell Street, Calingiri. Staff undertake a multitude of duties and as such are skilled in many areas relating to the maintenance and construction of public infrastructure from roads to gardens.

Summary

The Department has achieved a great deal this year in some trying times. As Works and Services Manager for a diverse section of activities undertaken within the Shire of Victoria Plains, I believe that the Shire and its residents are well served by their employees, many of who go to great lengths to provide services to the public in their roll as council employees. 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 2012/2013 year.

Greg Stephens

Works and Services Manager

FROM THE SHARED RESOURCES DESK

Food Act 2008 Reporting

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

The report indicated that the level of surveillance was acceptable. Food premises are generally being kept to a satisfactory standard. Only one Improvement Notice was issued during the year and this was complied with.

Wastewater Treatment System Approvals

Several approvals were granted for the installation of septic systems in the Shire in areas not serviced by the Shire's effluent disposal scheme. There were no alternative treatment system applications during the year.

Sewerage Scheme reporting to Economic Regulation Authority (ERA)

The annual performance and compliance reports for the Calingiri and Yerecoin sewerage schemes were submitted to the ERA with no non-compliances reported. The performance report indicated 21.9 Megalitres of sewage was collected with an average of 197.3 kilolitres per property. The Shire's system consists of 111 properties connecting to 3.22 km of sewerage mains and channels with an average of 34.5 properties per kilometre of sewer main.

Economic Regulation Authority (ERA) – Audit of Sewerage Licence

The Shire received a favourable report from the ERA with only 3 items requiring action from the operational audit. These were attended to during the 2012/2013 year and included the development and testing of contingency plans in the event of earthquake, pond failure, major storm, illegal load, unexpected demand and pipe/manhole collapse affecting the operation of the sewerage system.

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

Statutory reporting to the DER was completed for the Shire's 3 landfill sites. Following the DER site audits of the previous year the Shire attended to several items of non-compliance with licence conditions. These concerns related to tip face size, wind-blown litter, control of asbestos, depth to groundwater, fencing/signage and stormwater drainage. The DER was satisfied that the Shire had adequately addressed the issues of concern.

Public Buildings

An inspection program for the public buildings within the Shire was commenced. Key areas of concern often relate to incorrect door locks and non-functioning illuminated exit signs. The Yerecoin Hall and Bolgart Hall were recently assessed for compliance with the Health (Public Buildings) Regulations 1992. The Yerecoin Hall achieved compliance and was issued with a Maximum Accommodation Certificate. Significant work needs to be undertaken at the Bolgart Hall to achieve compliance.

Glenn Sargeson

Principal Environmental Health Officer

Building Report

A total of 23 building licences were issued for building works within the Shire with a total value of \$3,789,716

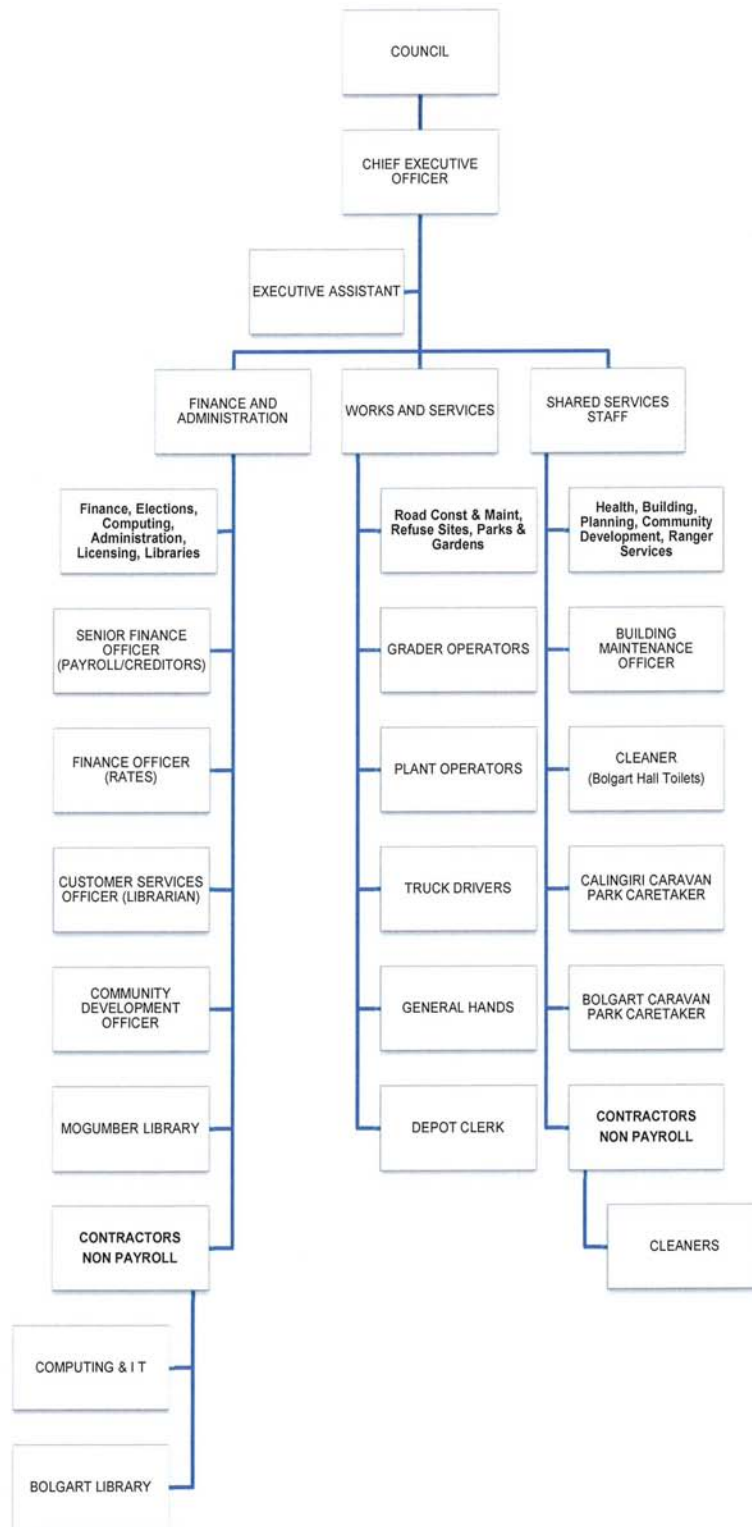
This consisted of 10 sheds, 5 houses, 2 swimming pools, 1 Heritage Restoration Project and 1 Hay Processing Facility along with 4 ancillary buildings and commercial works.

This may be compared with the previous years building activity when a total of 19 building licences were issued with a value of \$1,184,224.

General

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

SHIRE OF VICTORIA PLAINS – SERVICE STRUCTURE



NATIONAL COMPETITION POLICY

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

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

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

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

Legislation Review – To review legislation that restricts competition.

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

Competitive Neutrality

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

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

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

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

Structural Reform

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

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

1 Definition

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

2 Dual Function

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

3 Willing Competitors

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

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

Parks and Gardens, Roads, Recreation Services, Cemetery

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

Legislation Review

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

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

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

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

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

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

FREEDOM OF INFORMATION STATEMENT

General Statement

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

DISABILITY ACCESS PLAN

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

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

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

Wheel chair access;

Access for people with ambulatory difficulties

Access for people with learning difficulties

Access for people with sensory deficit.

RECORDS MANAGEMENT

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

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

Under the Plan the Shire of Victoria Plains maintains recordkeeping training and staff induction programs to ensure that the shire employees are informed of their responsibilities in regard to recordkeeping. This program is subject to review in 2014 to improve its effectiveness and efficiency.

REGISTER OF COMPLAINTS

There were no entries made in the complaints register under Section 5.121 during the 2012/2013 Financial Year.

INFORMATION ON PAYMENTS TO EMPLOYEES

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

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

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

PLAN FOR THE FUTURE

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

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

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

Integrated Planning is supported by informing strategies including Asset Management, Long Term Financial Planning and Workforce Planning.

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

FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2013

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

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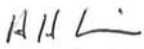
SHIRE OF VICTORIA PLAINS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Victoria Plains being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Victoria Plains at 30th June 2013 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 18th day of November 2013



Harry Hawkins
Chief Executive Officer

**SHIRE OF VICTORIA PLAINS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	1,981,801	1,996,135	1,934,869
Operating Grants, Subsidies and Contributions	28	873,026	462,283	1,014,138
Fees and Charges	27	177,760	195,416	170,716
Service Charges	24	0	0	0
Interest Earnings	2(a)	104,059	84,500	123,466
Other Revenue		44,129	40,809	79,861
		<u>3,180,777</u>	<u>2,779,143</u>	<u>3,323,050</u>
Expenses				
Employee Costs		(976,807)	(815,542)	(931,973)
Materials and Contracts		(744,653)	(1,023,088)	(892,420)
Utility Charges		(80,522)	(61,990)	(48,554)
Depreciation on Non-Current Assets	2(a)	(2,002,764)	(1,965,856)	(1,855,105)
Interest Expenses	2(a)	(15,980)	(15,432)	(9,333)
Insurance Expenses		(175,567)	(158,256)	(157,665)
Other Expenditure		(256,477)	(281,905)	(2,047)
		<u>(4,252,769)</u>	<u>(4,322,069)</u>	<u>(3,897,097)</u>
		(1,071,993)	(1,542,926)	(574,047)
Non-Operating Grants, Subsidies and Contributions	28	1,499,397	1,556,851	1,858,466
Fair Value Decrement to Fixed Assets		(156,977)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Profit on Asset Disposals	20	21,361	20,778	81,472
Loss on Asset Disposal	20	(10,717)	(1,714)	(6,323)
		<u>281,071</u>	<u>32,989</u>	<u>1,359,568</u>
Net Result				
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income				
		<u>281,071</u>	<u>32,989</u>	<u>1,359,568</u>
Total Comprehensive Income				

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 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		6,929	6,087	12,355
General Purpose Funding		2,882,847	2,499,265	3,031,640
Law, Order, Public Safety		36,814	40,527	43,082
Health		3,453	3,390	7,034
Education and Welfare		0	0	0
Housing		55,166	66,220	62,489
Community Amenities		70,516	64,293	67,143
Recreation and Culture		24,816	10,163	14,624
Transport		7,083	5,878	10,802
Economic Services		43,345	21,539	30,007
Other Property and Services		39,235	61,781	48,960
	2(a)	<u>3,170,204</u>	<u>2,779,143</u>	<u>3,328,136</u>
Expenses				
Governance		(358,821)	(324,906)	(287,734)
General Purpose Funding		(207,216)	(191,195)	(186,831)
Law, Order, Public Safety		(152,267)	(166,420)	(133,102)
Health		(91,689)	(102,239)	(89,597)
Education and Welfare		(23,219)	(46,314)	(32,947)
Housing		(151,776)	(127,740)	(144,512)
Community Amenities		(233,959)	(264,152)	(214,227)
Recreation and Culture		(470,814)	(419,502)	(400,530)
Transport		(2,364,127)	(2,469,227)	(2,267,156)
Economic Services		(123,408)	(155,874)	(108,886)
Other Property and Services		(48,920)	(39,068)	(27,328)
	2(a)	<u>(4,226,216)</u>	<u>(4,306,637)</u>	<u>(3,892,850)</u>
Finance Costs				
Governance		(814)	0	(1,001)
Housing		(2,956)	(4,146)	(4,146)
Recreation and Culture		(12,210)	(11,286)	(4,186)
	2(a)	<u>(15,980)</u>	<u>(15,432)</u>	<u>(9,333)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
		0	0	0
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		297,834	297,834	0
Law, Order & Public Safety		415,880	415,880	318,347
Education and Welfare		0	0	45,204
Housing		0	0	0
Community Amenities		0	0	0
Recreation & Culture		74,200	10,000	560,555
Transport		711,482	833,137	934,360
		<u>1,499,397</u>	<u>1,556,851</u>	<u>1,858,466</u>
Fair Value Decrement to Fixed Assets				
Other Property and Services		(156,977)	0	0
Profit/(Loss) on Disposal of Assets				
Governance		2,246	4,571	(1,237)
Law, Order & Public Safety		(10,573)	0	0
Transport		18,971	16,207	72,818
Other Property & Services		0	(1,714)	3,568
		<u>10,644</u>	<u>19,064</u>	<u>75,149</u>
Net Result		<u>281,071</u>	<u>32,989</u>	<u>1,359,568</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	0	0	0
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u>281,071</u>	<u>32,989</u>	<u>1,359,568</u>

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

**SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,518,665	2,326,363
Trade and Other Receivables	4	236,196	46,400
Inventories	5	4,830	14,114
TOTAL CURRENT ASSETS		2,759,690	2,386,877
NON-CURRENT ASSETS			
Other Receivables	4	7,375	9,945
Property, Plant and Equipment	6	7,106,660	6,814,397
Infrastructure	7	14,034,269	14,404,429
TOTAL NON-CURRENT ASSETS		21,148,303	21,228,771
TOTAL ASSETS		23,907,994	23,615,648
CURRENT LIABILITIES			
Trade and Other Payables	8	235,971	215,703
Long Term Borrowings	9	36,620	40,139
Provisions	10	173,550	135,937
TOTAL CURRENT LIABILITIES		446,141	391,779
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	219,803	256,423
Provisions	10	24,194	30,662
TOTAL NON-CURRENT LIABILITIES		243,997	287,085
TOTAL LIABILITIES		690,138	678,864
NET ASSETS		23,217,855	22,936,784
EQUITY			
Retained Surplus		22,054,249	21,871,441
Reserves - Cash Backed	11	1,163,606	1,065,343
Revaluation Surplus	12	0	0
TOTAL EQUITY		23,217,855	22,936,784

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 2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		20,346,371	1,230,845	0	21,577,216
Changes in Accounting Policy				0	0
Correction of Errors				0	0
Restated Balance		20,346,371	1,230,845	0	21,577,216
Comprehensive Income					
Net Result		1,359,568	0	0	1,359,568
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		1,359,568	0	0	1,359,568
Reserve Transfers		165,502	(165,502)	0	0
Balance as at 30 June 2012		21,871,441	1,065,343	0	22,936,784
Comprehensive Income					
Net Result		281,071	0	0	281,071
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Other Comprehensive Income		281,071	0	0	281,071
Reserve Transfers		(98,263)	98,263	0	0
Balance as at 30 June 2013		22,054,249	1,163,606	0	23,217,855

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 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,966,822	1,996,135	1,924,343
Operating Grants, Subsidies and Contributions		700,375	470,674	1,114,241
Fees and Charges		177,760	195,416	170,516
Service Charges		0	0	0
Interest Earnings		104,059	84,500	123,466
Goods and Services Tax		0	0	400,006
Other Revenue		48,275	209,286	78,063
		<u>2,997,292</u>	<u>2,956,011</u>	<u>3,810,635</u>
Payments				
Employee Costs		(942,527)	(978,526)	(940,058)
Materials and Contracts		(722,575)	(1,126,412)	(816,967)
Utility Charges		(80,522)	(61,990)	(48,554)
Insurance Expenses		(175,567)	(158,256)	(157,665)
Interest expenses		(15,380)	(15,432)	(9,593)
Goods and Services Tax		0	0	(352,570)
Other Expenditure		(256,476)	(282,128)	(2,047)
		<u>(2,193,047)</u>	<u>(2,622,744)</u>	<u>(2,327,454)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>804,245</u>	<u>333,267</u>	<u>1,483,181</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(1,017,329)	(1,006,711)	(2,225,210)
Payments for Construction of Infrastructure		(1,147,768)	(1,477,651)	(925,173)
Advances to Community Groups		0	0	(10,000)
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions		1,499,397	1,556,851	1,858,466
Proceeds from Sale of Plant & Equipment		93,899	109,000	196,823
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(571,802)</u>	<u>(818,511)</u>	<u>(1,105,094)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(40,141)	(40,140)	(24,700)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures		0	0	170,000
		<u>0</u>	<u>0</u>	<u>170,000</u>
Net Cash Provided By (Used In) Financing Activities		<u>(40,141)</u>	<u>(40,140)</u>	<u>145,300</u>
Net Increase (Decrease) in Cash Held		192,302	(525,384)	523,387
Cash at Beginning of Year		2,326,363	2,333,015	1,802,976
Cash and Cash Equivalents at the End of the Year	13(a)	<u>2,518,665</u>	<u>1,807,631</u>	<u>2,326,363</u>

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

SHIRE OF VICTORIA PLAINS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		9,175	6,087	12,355
General Purpose Funding		1,200,880	802,964	1,096,771
Law, Order, Public Safety		452,694	456,407	361,429
Health		3,453	3,390	7,034
Education and Welfare		0	0	45,204
Housing		55,166	58,220	62,489
Community Amenities		70,516	64,294	67,143
Recreation and Culture		99,016	20,440	575,179
Transport		737,537	855,222	1,017,980
Economic Services		43,345	21,539	33,575
Other Property and Services		39,235	61,780	48,960
		<u>2,711,017</u>	<u>2,350,343</u>	<u>3,328,119</u>
Expenses				
Governance		(359,636)	(193,062)	(289,972)
General Purpose Funding		(207,216)	(323,890)	(186,831)
Law, Order, Public Safety		(162,840)	(172,525)	(133,102)
Health		(91,689)	(109,270)	(89,597)
Education and Welfare		(23,219)	(46,314)	(32,947)
Housing		(154,732)	(132,299)	(148,658)
Community Amenities		(233,959)	(264,605)	(214,227)
Recreation and Culture		(483,024)	(431,615)	(404,716)
Transport		(2,364,127)	(2,470,547)	(2,267,156)
Economic Services		(123,408)	(156,221)	(108,886)
Other Property and Services		(205,897)	(40,782)	(27,328)
		<u>(4,409,747)</u>	<u>(4,341,130)</u>	<u>(3,903,420)</u>
Net Result Excluding Rates		(1,698,730)	(1,990,787)	(575,301)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Fair Value Decrement to Fixed Assets		156,977	0	0
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	0
(Profit)/Loss on Asset Disposals	20	(10,644)	(19,064)	(75,149)
FESA non-cash Grant (donated Fire Tender)		(415,880)	(415,880)	0
Purchase Fire Tender (donated by FESA)		415,880	415,880	0
Movement in Deferred Pensioner Rates (Non-Current)		570	0	(570)
Movement in Employee Benefit Provisions (Non-Current)		(6,468)	0	8,909
Depreciation and Amortisation on Assets	2(a)	2,002,764	1,965,856	1,855,105
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(61,833)	(58,535)	(859,804)
Purchase Infrastructure Assets - Roads		(1,014,777)	(1,351,461)	(848,289)
Purchase Infrastructure Assets - Other		(132,991)	(126,190)	(76,884)
Purchase Construction other than Buildings		0	0	(313,342)
Purchase Plant and Equipment		(909,774)	(921,380)	(1,001,465)
Purchase Furniture and Equipment		(45,722)	(26,796)	(50,599)
Proceeds from Disposal of Assets	20	93,899	109,000	196,823
Repayment of Debentures	21	(40,141)	(40,140)	(24,700)
Proceeds from New Debentures	21	0	0	170,000
Self-Supporting Loan Principal Income		0	0	(10,000)
Transfers to Reserves (Restricted Assets)	11	(870,416)	(852,000)	(458,501)
Transfers from Reserves (Restricted Assets)	11	772,152	274,000	624,005
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	967,895	1,133,047	472,788
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,184,563	91,685	967,895
Total Amount Raised from General Rate	22(a)	<u>(1,981,801)</u>	<u>(1,996,135)</u>	<u>(1,934,869)</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 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial statement which has 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.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the 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.

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax (GST)

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

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

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments with original maturities of three months or less 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 shown as short term borrowings in current liabilities in the statement of financial position.

(e) 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.

Collectibility 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.

(f) 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 Resale

Land purchased for development and/or resale 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 the statement of comprehensive income 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

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

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is 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 other policies detailed in this Note.

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

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2013.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

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

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

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

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

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

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 for Plant & Equipment and Furniture and Equipment, and \$5,000 for Land, Buildings and all Infrastructure is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (d) less any reduction for impairment.

The effective interest rate 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.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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 and fixed maturities that the Council's management 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.

They are subsequently measured at fair value with changes in such fair value (ie 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 the 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.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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 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 instruments, 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 into profit or loss at this point.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(j) Impairment

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

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

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). 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.

(k) Trade and Other Payables

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

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(m) 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.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(o) Leases

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

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

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

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

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

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

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

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) 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

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 operation for the current reporting period.

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) 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 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 -Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	This Standard is not expected to significantly impact on the Council's financial statements. Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

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

The Council also chose to early adopt AASB 13 – *Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUE AND EXPENSES	2013	2012	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Significant Expense			
There were no items of significant expense for the financial years 2012/13 or 2011/12.			
Auditors Remuneration			
- Audit of the financial report	12,298	13,797	
- Other Services	2,915	9,157	
- Assistance with the finalisation of the annual financial report	0	0	
Depreciation			
Buildings	84,146	74,897	
Construction other than Buildings	20,287	17,834	
Furniture and Equipment	24,767	18,383	
Plant and Equipment, Motor Vehicles	355,635	266,998	
Roads and Other Infrastructure	1,515,882	1,475,624	
Footpaths	2,047	1,369	
	<u>2,002,764</u>	<u>1,855,105</u>	
Interest Expenses (Finance Costs)			
Debentures (refer Note 21(a))	15,980	9,333	
	<u>15,980</u>	<u>9,333</u>	
(ii) Crediting as Revenue:			
	2013	2013	2012
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	43,420	40,000	59,554
- Other Funds	47,408	35,000	53,677
Other Interest Revenue (refer note 26)	13,232	9,500	10,235
	<u>104,059</u>	<u>84,500</u>	<u>123,466</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and revenue.

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

Maintenance of school ovals, and awards to schools.

HOUSING

Maintenance of staff and non-staff residences.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*)		Received (+)		Expended (#)		Closing Balance (*)	
		1-Jul-11	\$	2011/12	\$	2011/12	\$	30-Jun-12	\$
Royalties for Regions	Various	0		635,834		(528,759)		107,075	
Aglime Route 2	Transport	133,825		38,008		(165,082)		6,751	
Dry Seasons Grant	Community	5,133		0		(5,133)		0	
Roads to Recovery	Transport	0		228,981		(219,167)		9,814	
Total		138,958		902,823		(918,141)		123,640	
								649,135	
									(453,472)
									319,303

Notes:

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

(+) - 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.

(#) - 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 2013**

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,035,756	1,159,456
Restricted	1,482,909	1,166,907
	<u>2,518,665</u>	<u>2,326,363</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	70,144	67,527
Plant Reserve	281,928	326,409
Housing Reserve	178,066	171,422
Sewerage Scheme Reserve	67,701	65,175
Motor Vehicle Reserve	0	0
Refuse Site Reserve	284,250	273,644
Building Maintenance Reserve	107,861	103,837
Infrastructure Reserve	167,245	54,157
Gymnasium Reserve	6,410	3,171
Unspent Grants	319,303	101,565
	<u>1,482,909</u>	<u>1,166,907</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	32,148	17,169
Sundry Debtors	133,462	17,832
GST Receivable	68,586	9,399
Loans - Clubs/Institutions	2,000	2,000
	<u>236,196</u>	<u>46,400</u>
Non-Current		
Rates Outstanding - Pensioners	1,375	1,945
Loans - Clubs/Institutions	6,000	8,000
	<u>7,375</u>	<u>9,945</u>
5. INVENTORIES		
Current		
Fuel and Materials	4,830	14,114
	<u>4,830</u>	<u>14,114</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	4,900,267	4,838,434
Less Accumulated Depreciation	<u>(1,601,783)</u>	<u>(1,517,637)</u>
	3,298,485	3,320,797
Construction other than buildings - Cost	1,080,368	1,080,368
Less Accumulated Depreciation	<u>(139,812)</u>	<u>(119,525)</u>
	940,556	960,843
Furniture and Equipment - Management Valuation 2013	113,189	0
Furniture and Equipment - Cost	0	299,054
Less Accumulated Depreciation	<u>0</u>	<u>(198,123)</u>
	113,189	100,931
Motor Vehicles - Management Valuation 2013	1,413,054	0
Motor Vehicles - Cost	0	1,675,423
Less Accumulated Depreciation	<u>0</u>	<u>(559,000)</u>
	1,413,054	1,116,423
Plant and Equipment - Management Valuation 2013	1,341,376	0
Plant and Equipment - Cost	0	2,156,477
Less Accumulated Depreciation	<u>0</u>	<u>(841,074)</u>
	1,341,376	1,315,403
	<u>7,106,660</u>	<u>6,814,397</u>

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

	Land (Level 2) \$	Non- Specialised Buildings (Level 2) \$	Construction other than Buildings \$	Total Buildings \$	Total Land and Buildings \$	Motor Vehicles (Level 2) \$	Plant and Equipment (Level 2) \$	Furniture and Equipment (Level 3) \$	Total \$
Balance as at the beginning of the year	52,877	3,267,920	960,843	4,228,763	4,281,640	1,116,423	1,315,403	100,931	6,814,397
Additions	2,091	59,742	0	59,742	61,833	640,774	269,000	45,722	1,017,329
(Disposals)	0	0	0	0	0	(83,254)	0	0	(83,254)
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	(97,616)	(8,697)	(156,977)
Impairment - (Losses) - Reversals	0	0	0	0	0	0	0	0	0
Initial Recognition of assets Due to Changes to Regulations	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	0	(84,146)	(20,287)	(104,433)	(104,433)	(210,224)	(145,411)	(24,767)	(484,836)
Carrying amount at the end of year	54,968	3,243,516	940,556	4,184,071	4,239,039	1,413,054	1,341,376	113,189	7,106,659

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	48,879,366	47,864,589
Less Accumulated Depreciation	<u>(36,253,452)</u>	<u>(34,796,763)</u>
	12,625,914	13,067,826
Footpaths - Cost	136,838	136,838
Less Accumulated Depreciation	<u>(12,222)</u>	<u>(10,175)</u>
	124,616	126,663
Other Infrastructure - Cost	4,197,867	4,064,876
Less Accumulated Depreciation	<u>(2,914,127)</u>	<u>(2,854,936)</u>
	1,283,740	1,209,940
	<u>14,034,269</u>	<u>14,404,429</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Other Infrastructure \$	Total \$
Balance at the beginning of the year	13,067,826	126,663	1,209,940	14,404,429
Additions	1,014,777	0	132,991	1,147,768
(Disposals)	0	0	0	0
Revaluation - Increments - (Decrements)				0 0
Impairment - (Losses) - Reversals	0 0	0 0	0 0	0 0
Depreciation (Expense)	(1,456,690)	(2,047)	(59,192)	(1,517,929)
Carrying amount at the end of year	<u>12,625,913</u>	<u>124,616</u>	<u>1,283,740</u>	<u>14,034,268</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2012 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	205,545	189,013
Accrued Interest on Debentures	1,708	1,108
Accrued Salaries and Wages	28,717	25,582
	235,971	215,703
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	36,620	40,139
Lease Liability	0	0
	36,620	40,139
Non-Current		
Secured by Floating Charge		
Debentures	219,803	256,423
Lease Liability	0	0
	219,803	256,423

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current		
Provision for Annual Leave	68,437	60,094
Provision for Long Service Leave	105,113	75,843
Non-Current		
Provision for Long Service Leave	24,194	30,662
	173,550	166,599

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	60,094	106,505	166,599
Additional provisions	8,343	22,803	31,146
Amounts used	0	0	0
Used amounts reversed	0	0	0
Balance at 30 June 2013	68,437	129,308	197,745

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	67,527	68,091	63,979
Amount Set Aside / Transfer to Reserve	2,617	2,236	3,548
Amount Used / Transfer from Reserve	0	0	0
	70,144	70,327	67,527
(b) Plant Reserve			
Opening Balance	326,409	328,486	273,641
Amount Set Aside / Transfer to Reserve	284,519	274,457	417,768
Amount Used / Transfer from Reserve	(329,000)	(274,000)	(365,000)
	281,928	328,943	326,409
(c) Housing Reserve			
Opening Balance	171,422	172,594	292,699
Amount Set Aside / Transfer to Reserve	6,644	5,667	9,255
Amount Used / Transfer from Reserve	0	0	(130,532)
	178,066	178,261	171,422
(d) Sewerage Scheme Reserve			
Opening Balance	65,175	65,726	61,755
Amount Set Aside / Transfer to Reserve	2,526	2,158	3,420
Amount Used / Transfer from Reserve	0	0	0
	67,701	67,884	65,175
(e) Motor Vehicle Reserve			
Opening Balance	0	0	77,942
Amount Set Aside / Transfer to Reserve	0	0	1,266
Amount Used / Transfer from Reserve	0	0	(79,208)
	0	0	0
(f) Refuse Site Reserve			
Opening Balance	273,644	275,411	258,773
Amount Set Aside / Transfer to Reserve	10,606	9,043	14,871
Amount Used / Transfer from Reserve	0	0	0
	284,250	284,454	273,644
(g) Building Maintenance Reserve			
Opening Balance	103,837	104,613	147,558
Amount Set Aside / Transfer to Reserve	4,024	3,435	5,544
Amount Used / Transfer from Reserve	0	0	(49,265)
	107,861	108,048	103,837

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	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED continued			
(h) Infrastructure Reserve			
Opening Balance	54,157	54,643	51,342
Amount Set Aside / Transfer to Reserve	556,240	551,794	2,815
Amount Used / Transfer from Reserve	(443,152)	0	0
	<u>167,245</u>	<u>606,437</u>	<u>54,157</u>
(i) Gymnasium Equipment Reserve			
Opening Balance	3,171	3,359	3,156
Amount Set Aside / Transfer to Reserve	3,239	3,209	15
Amount Used / Transfer from Reserve	0	0	0
	<u>6,410</u>	<u>6,568</u>	<u>3,171</u>
TOTAL CASH BACKED RESERVES	<u><u>1,163,606</u></u>	<u><u>1,650,922</u></u>	<u><u>1,065,342</u></u>

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

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

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant.

Housing Reserve

- to be used in the procurement of staff housing.

Sewerage Scheme Reserve

- to be used to maintain and improve the Calingiri sewerage scheme.

Motor Vehicle Reserve

- to be used for the purchase of light vehicles.

Refuse Site Reserve

- to be used to fund future refuse site development.

Building Maintenance Reserve

- to be used for the long term maintenance of Shire buildings.

Infrastructure Reserve

- to be used for future infrastructure development to ensure long term Shire sustainability.

Gymnasium Equipment Reserve

- to be used for future purchases and replacement of gymnasium equipment.

**SHIRE OF VICTORIA PLAINS
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12. RESERVES - ASSET REVALUATION	2013	2012
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Furniture & Equipment		
Opening balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>0</u>	<u>0</u>
(a) Plant & Equipment		
Opening balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>0</u>	<u>0</u>
(b) Motor Vehicles		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>0</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>0</u></u>	<u><u>0</u></u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>2,518,665</u>	<u>1,807,631</u>	<u>2,326,363</u>

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

Net Result	281,071	32,989	1,359,568
Depreciation	2,002,764	1,965,856	1,855,105
(Profit)/Loss on Sale of Asset	(10,644)	(19,064)	(75,149)
(Increase)/Decrease in Receivables	(114,544)	8,168	125,014
(Increase)/Decrease in Inventories	9,284	8,614	(9,819)
Increase/(Decrease) in Payables	(56,556)	(111,938)	81,589
Increase/(Decrease) in Employee Provisions	31,145	5,493	(4,661)
Advances to Community Groups	0	0	10,000
Grants/Contributions for the Development of Assets	(1,499,397)	(1,556,851)	(1,858,466)
Non-Current Assets recognised due to changes in legislative requirements	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>643,123</u>	<u>333,267</u>	<u>1,483,181</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(2,941)</u>	<u>(370)</u>
Total Amount of Credit Unused	<u>2,059</u>	<u>4,630</u>

Loan Facilities

Loan Facilities - Current	36,620	40,139
Loan Facilities - Non-Current	219,803	256,423
Total Facilities in Use at Balance Date	<u>256,423</u>	<u>296,562</u>
Unused Loan Facilities at Balance Date	<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 2013**

14. CONTINGENT LIABILITIES

There are no contingent liabilities to report for the financial year 2012/13.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments to report for the financial year 2012/13.

(b) Operating Lease Commitments

There are no operating lease commitments to report for the financial year 2012/13.

(c) Capital Expenditure Commitments

There are no capital expenditure commitments to report for the financial year 2012/13.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

16. JOINT VENTURE

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

	2013	2012
	\$	\$
Non-Current Assets		
Land	7,488	7,488
Buildings	159,798	158,310
Plus Additions Current Year:	0	1,488
Less: Accumulated Depreciation	(39,590)	(36,394)
	127,696	130,892

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	408,424	388,548
General Purpose Funding	34,350	19,206
Law, Order, Public Safety	754,944	398,115
Health	93	367
Education and Welfare	5,891	6,777
Housing	1,013,743	996,099
Community Amenities	590,601	585,145
Recreation and Culture	2,741,356	2,718,223
Transport	16,562,211	16,834,943
Economic Services	163,683	169,606
Other Property and Services	296,038	162,303
Unallocated	1,345,873	1,336,316
	23,917,207	23,615,648

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

18. FINANCIAL RATIOS	2013	2012	2011
Current Ratio	3.86	3.76	2.53
Asset Sustainability Ratio	1.08	1.70	N/A
Debt Service Cover Ratio	14.26	40.12	N/A
Operating Surplus Ratio	(0.52)	(0.21)	N/A
Own Source Revenue Coverage Ratio	0.53	0.61	N/A
Asset Consumption Ratio	0.34	N/A	N/A
Asset Renewal Funding Ratio	1.08	N/A	N/A

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$
Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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

SHIRE OF VICTORIA PLAINS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2013

19. TRUST FUNDS

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Housing Bonds	6,326	440	(1,180)	5,586
BCITF	628	3,200	(3,207)	621
BRB	260	3,623	(1,678)	2,205
Hall Bonds	820	800	(600)	1,020
Tip Key Bonds	0	900	0	900
Licencing	1,342	340,274	(337,877)	3,739
Other	6,238	340	(5,661)	917
	<u>15,614</u>			<u>14,988</u>

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
CEO Vehicle	37,315	33,000	37,171	35,000	(144)	2,000
DCEO Vehicle	23,064	22,429	25,455	25,000	2,390	2,571
Law, Order, Public Safety						
New Norcia Fire Tender	10,573	0	0	0	(10,573)	0
Transport						
Construction Crew Ute	5,306	0	13,636	10,000	8,331	10,000
Depot Clerk Ute	6,996	7,793	13,636	10,000	6,640	2,207
Kubota Mower	0	0	4,000	4,000	4,000	4,000
Other Property & Services						
Works Manager Vehicle	0	26,714	0	25,000	0	(1,714)
TOTAL	83,254	89,936	93,899	109,000	10,644	19,064

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. INFORMATION ON BORROWINGS

(a) Repayments – Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
LOAN 68 Staff Housing 13 Lambert Cres	48,218	0	10,859	10,859	37,359	37,371	2,876	3,083
LOAN 69 Council Chambers Roof	12,960	0	2,924	2,924	10,036	10,037	814	830
LOAN 72 Droughtproofing Calingiri	59,820	0	6,979	6,979	52,841	52,842	3,750	3,823
LOAN 73 Aged Persons Units - Bolgart	5,564	0	5,564	5,563	0	0	80	233
LOAN 82 Calingiri Sports Pavilion	170,000	0	13,815	13,815	156,185	156,185	8,459	7,463
	296,562	0	40,141	40,140	256,421	256,435	15,980	15,432

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2012/13

There were no new debentures as at 30 June 2013.

(c) Unspent Debentures

There were no unspent debentures as at 30 June 2013.

(d) Overdraft

Council does not have an overdraft facility.

SHIRE OF VICTORIA PLAINS
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2013

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

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 \$
General Rate											
GRV	10.9451	232	1,201,229	131,476	775	191	132,442	130,781	0	0	130,781
UV	0.6193	386	277,342,500	1,717,582	2,690	247	1,720,519	1,737,984	0	0	1,737,984
Sub-Totals		618	278,543,729	1,849,058	3,465	438	1,852,961	1,868,765	0	0	1,868,765
Minimum Rates											
GRV	420	90		37,800			37,800	38,220	0	0	38,220
UV	550	63		34,650			34,650	34,650	0	0	34,650
Sub-Totals		153	0	72,450	0	0	72,450	72,870	0	0	72,870
Discounts (refer note 25)							1,925,411				1,941,635
Total Amount Raised from General Rate							0				0
Ex-Gratia Rates							1,925,411				1,941,635
Specified Area Rate (refer note 23)							56,390				54,500
Discounts (refer note 25)							(2,000)				0
Total Rates							1,981,801				1,996,135

**SHIRE OF VICTORIA PLAINS
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22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>1,184,563</u>	<u>967,895</u>	<u>967,895</u>
<u>Comprises:</u>			
Cash - Unrestricted	1,035,756	1,159,456	1,159,456
Cash - Restricted	1,482,909	1,166,907	1,166,907
Rates - Current	32,148	17,169	17,169
Sundry Debtors	133,462	17,832	17,832
GST Receivable	68,586	9,399	9,399
Inventories			
- Fuel and Materials	4,830	14,114	14,114
Less:			
Reserves - Restricted Cash			
- Leave Reserve	(70,144)	(67,527)	(67,527)
- Plant Reserve	(281,928)	(326,409)	(326,409)
- Housing Reserve	(178,066)	(171,422)	(171,422)
- Sewerage Scheme Reserve	(67,701)	(65,175)	(65,175)
- Motor Vehicle Reserve	0	0	0
- Refuse Site Reserve	(284,250)	(273,644)	(273,644)
- Building Maintenance Reserve	(107,861)	(103,837)	(103,837)
- Infrastructure Reserve	(167,245)	(54,157)	(54,157)
-Gymnasium Reserve	(6,410)	(3,171)	(3,171)
Sundry Creditors	(205,545)	(189,013)	(189,013)
Accrued Interest on Debentures	(1,708)	(1,108)	(1,108)
Accrued Salaries and Wages	(28,717)	(25,582)	(25,582)
Current Employee Benefits Provision	(173,550)	(135,937)	(135,937)
Surplus/(Deficit)	<u>1,184,563</u>	<u>967,895</u>	<u>967,895</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

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

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

There were no Specified Area Rates for the financial year 2012/13.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

There were no Service Charges during the financial year 2012/13.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR

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

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

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

26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		5,756	3,000
Interest on Instalments Plan	5.50%		7,198	6,500
Charges on Instalment Plan		\$4.50	2,196	1,600
			15,150	11,100

Ratepayers had the option of paying rates in four equal instalments, due on 31st August 2012, 1st November 2012, 1st January 2013 and 1st March 2013. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	4,506	9,414
General Purpose Funding	1,973	1,270
Law, Order, Public Safety	1,018	1,172
Health	616	2,022
Education and Welfare	0	0
Housing	47,813	59,033
Community Amenities	65,901	59,900
Recreation and Culture	11,119	7,601
Transport	0	0
Economic Services	27,566	19,056
Other Property and Services	17,248	11,248
	<u>177,760</u>	<u>170,716</u>

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

**SHIRE OF VICTORIA PLAINS
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28. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	873,026	1,014,138
Non-Operating Grants, Subsidies and Contributions	1,499,397	1,858,466
	<u>2,372,423</u>	<u>2,872,604</u>
By Program:		
Governance	5,022	9,765
General Purpose Funding	1,097,616	946,259
Law, Order, Public Safety	459,544	356,361
Health	0	0
Education and Welfare	0	45,204
Housing	0	0
Community Amenities	2,471	3,653
Recreation and Culture	76,244	560,555
Transport	731,526	935,134
Economic Services	0	0
Other Property and Services	0	15,673
	<u>2,372,423</u>	<u>2,872,604</u>

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	32,000	32,000	31,544
President's Allowance	8,000	8,000	8,000
Travelling Expenses	10,287	4,000	2,294
Telecommunications Allowance	8,500	8,500	8,386
	<u>58,787</u>	<u>52,500</u>	<u>50,224</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>18</u>	<u>18</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions for the financial year 2012/13.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,518,665	2,326,363	2,518,665	2,326,363
Receivables	243,571	56,345	243,571	56,345
	<u>2,762,236</u>	<u>2,382,708</u>	<u>2,762,236</u>	<u>2,382,708</u>
Financial Liabilities				
Payables	235,971	215,703	235,971	215,703
Borrowings	256,421	296,562	211,586	280,573
	<u>492,392</u>	<u>512,265</u>	<u>447,557</u>	<u>496,276</u>

Fair value is determined as follows:

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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	25,187	23,264
- Statement of Comprehensive Income	25,187	23,264

Notes:

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

Recent market volatility has seen large market movements for certain types of investments.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	98.00%	83.00%
- Overdue	2.00%	17.00%

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	235,971	0	0	235,971	235,971
Borrowings	49,776	163,781	95,914	309,471	256,421
	<u>285,747</u>	<u>163,781</u>	<u>95,914</u>	<u>545,442</u>	<u>492,392</u>
<u>2012</u>					
Payables	215,703	0	0	215,703	215,703
Borrowings	55,571	181,477	127,994	365,042	296,562
	<u>271,274</u>	<u>181,477</u>	<u>127,994</u>	<u>580,745</u>	<u>512,265</u>

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2013								
Payables								
Borrowings								
Fixed Rate								
Debtentures	0	0	0	0	47,395	209,026	256,421	5.33%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	6.76%	5.00%		
Year Ended 30 June 2012								
Payables								
Borrowings								
Fixed Rate								
Debtentures	5,564	0	0	0	61,178	229,820	296,562	5.37%
Weighted Average Effective Interest Rate	5.46%	0.00%	0.00%	0.00%	6.76%	5.00%		

INDEPENDENT AUDIT REPORT 30TH JUNE 2013



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

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Liability limited by a scheme approved under Professional Standards Legislation

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

Scope

We have audited the financial report of Shire of Victoria Plains for the year ended 30 June 2013. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

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

Audit Approach

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

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

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

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



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

Independence

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

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

Audit Opinion

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

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2013 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

- a) We did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.

Dated the 18th day of November 2013 in Perth, Western Australia

BILLY-JOE THOMAS
Director

Anderson Munro & Wyllie
ANDERSON MUNRO & WYLLIE
Chartered Accountants

FINANCIAL RATIOS AS AT 30TH JUNE 2013

1. ASSET SUSTAINABILITY RATIO

Capital Renewal and Replacement Expenditure	(2,165,097)	=	1.081
Depreciation Expense	(2,002,764)		

If above
Ratio >

1.1

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

If above
Ratio
between

0.9 and
1.1

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

If above
Ratio <

0.9

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

2. DEBT SERVICE COVER RATIO

Annual Operating Surplus Before Interest and Dep'n	800,419	=	14.262
- operating revenue	3,202,138		
- less: specific purpose grants			
- less: specific purpose contributions			
- less: operating expense	4,420,463		
- add: interest expense	15,980		
- add: depreciation	2,002,764		

Principal and Interest	56,121		
- principal repayments on loans	40,141		
- interest repayments on loans	15,980		
- interest repayments on O/D			

If above Ratio > 10

Accept as reasonable.

If above Ratio
between 5 and 10

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

If above Ratio < 5

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

3. OPERATING SURPLUS RATIO

Operating Revenue Minus Operating Expense	(1,218,325)	
- operating revenue	3,202,138	
- less: specific purpose grants	0	
- less: specific purpose contributions	0	
- less: operating expense	4,420,463	
	-----	=
Own Source Operating Revenue	2,329,111	-0.523
- rates and service charges	1,981,801	
- add: fees and user charges	177,760	
- add: reimbursements and recoveries	44,129	
- add: interest income	104,059	
- add: profit on disposal of assets	21,361	

If above Ratio > 0.15

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

If above Ratio between 0.00 and 0.15

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

If above Ratio <= 0.00

The local government is experiencing an operating deficit.

4. OWN SOURCE REVENUE RATIO

Own Source Operating Revenue	2,329,111	
- rates and service charges	1,981,801	
- add: fees and user charges	177,760	
- add: reimbursements and recoveries	44,129	
- add: interest income	104,059	
- add: profit on disposal of assets	21,361	
	-----	=
Operating Expense	4,420,463	0.527

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	21,085,960	=	0.340
Current Replacement Cost of Depreciable Assets	62,007,357		

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)

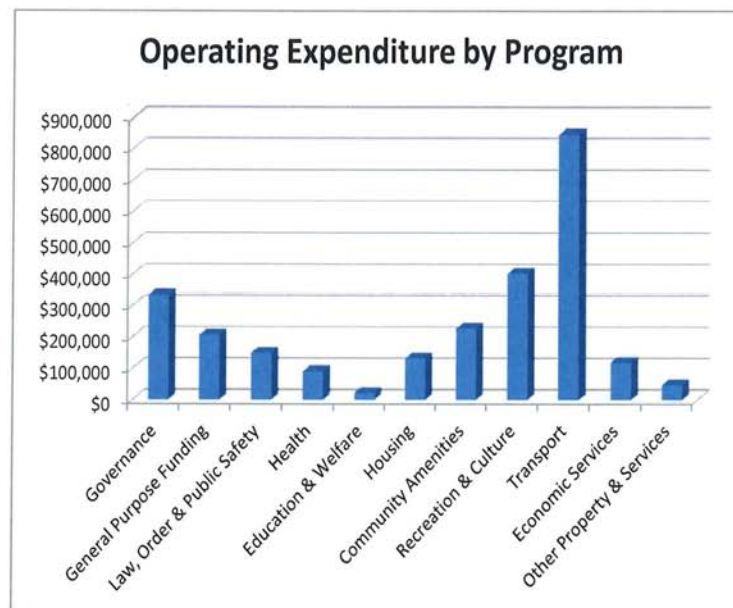
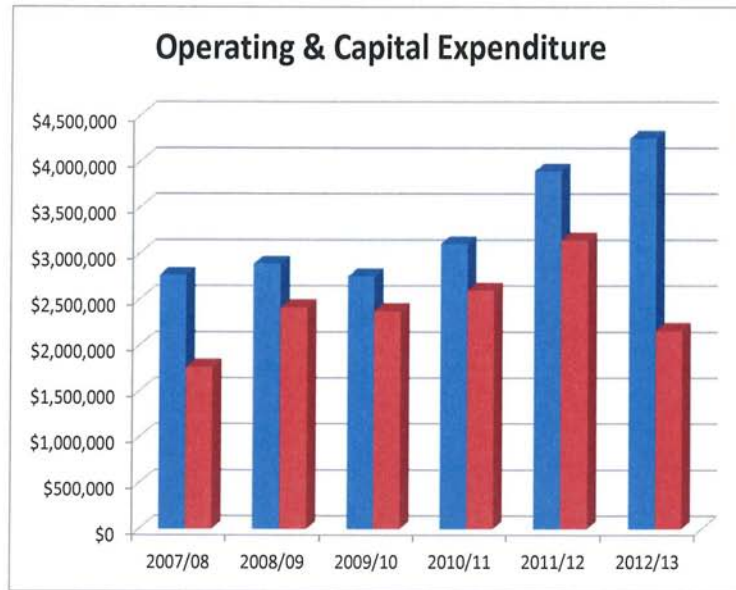
NPV of Planned Capital Renewals Over 10 years	19,965,975	=	1.083
NPV of Required Capital Expenditure Over 10 years	18,440,862		

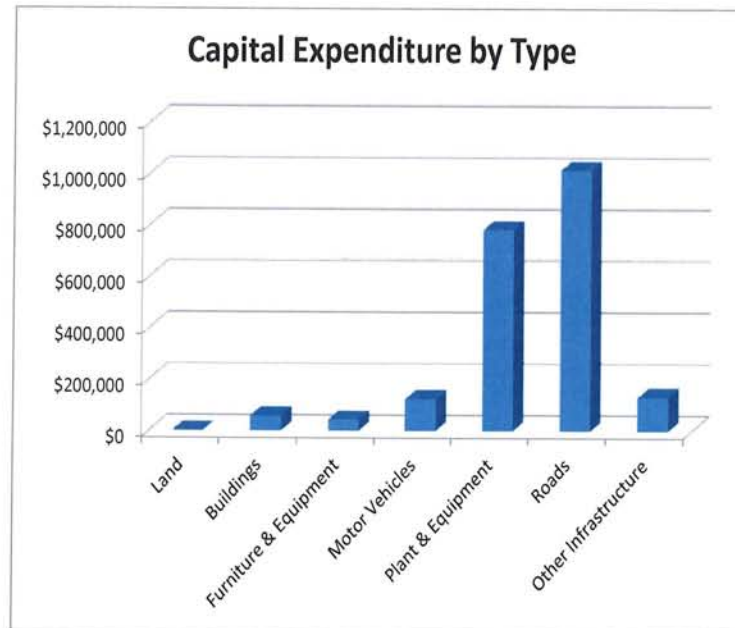
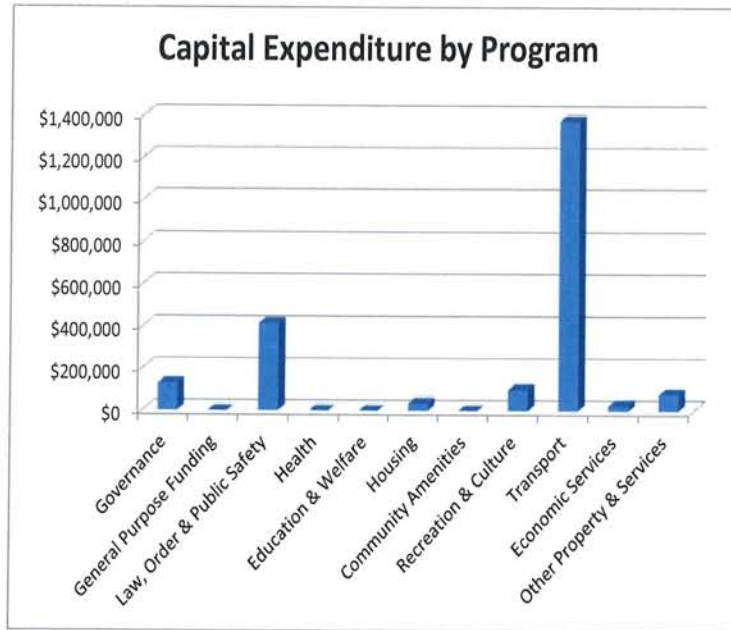
If above Ratio > 0.95 Indicates a local government is investing in asset renewal to the degree that offsets the current consumption of its assets (1.00) and provides for the effect of inflation.

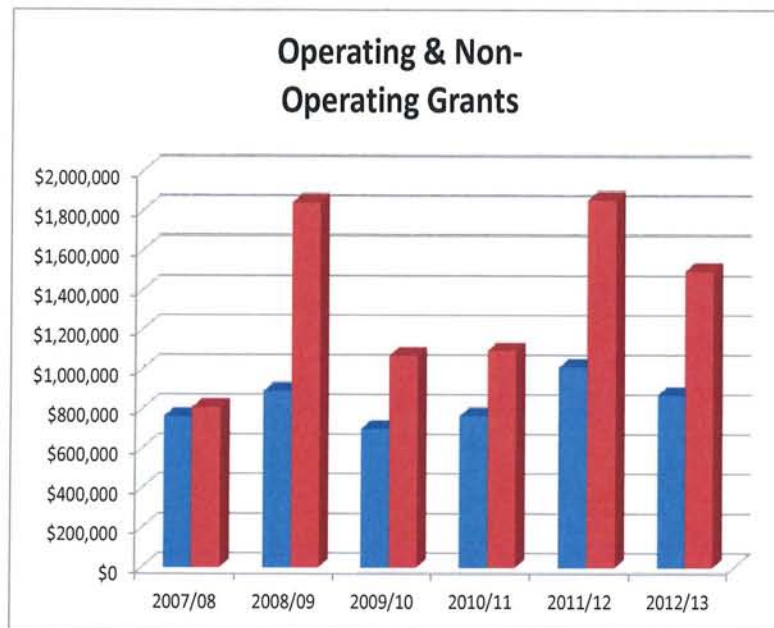
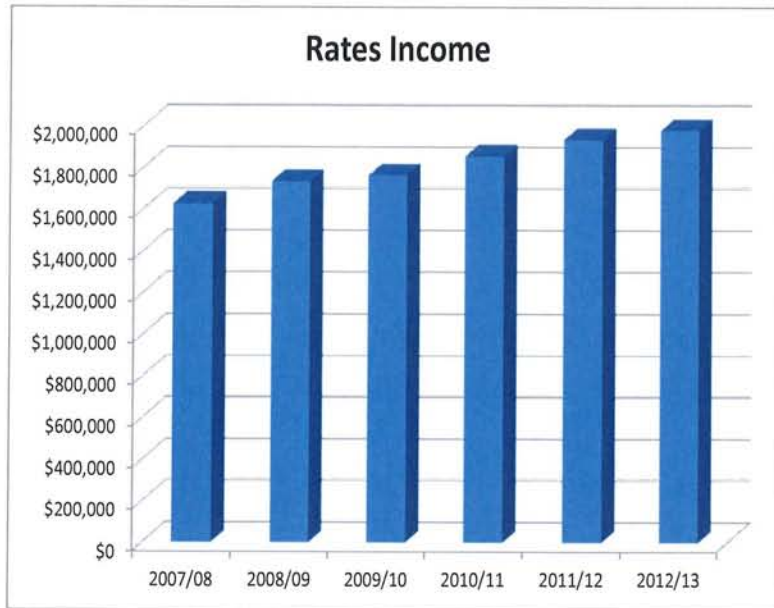
If above Ratio between 0.75 and 0.95 The local government needs to exercise caution and adjusts plans over the longer term to ensure it invests sufficiently to maintain the service potential of its assets.

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

OPERATING AND CAPITAL COSTS 2012/2013







COUNCILLORS

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

Central Ward



Cr John Brennan
Retires 2017

Cr Steven Young
Retires 2015



Cr David Smith
Retires 2015



Cr Barry Johnson
Retires 2017

South Ward

Cr Stephanie Penn
Retires 2017



Cr David Holmes
Retires 2015

West Ward



Cr David Lovelock
Retires 2017

Cr Laurie Rive
Retires 2015



Cr Jim Kelly
Retires 2017

STAFF

Senior Staff

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

Office Staff

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

Field Staff

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

Caravan Park Caretaker -Calingiri Ms Lisabeth Hooper

Caravan Park Caretaker -Bolgart Mrs Annette Lee

Librarians—Mogumber Mrs Phyllis Toms
Mrs Joan Harvey

Librarians—Bolgart Mrs Sue Ludemann
Ms Rosina Ainsworth

STATISTICS AND FACTS

Area	2,563km ²
Distance from Perth	140km
Population	942
Number of Electors	596
Number of Dwellings	455
Towns:-	Bolgart Calingiri Gillingarra Mogumber New Norcia Piawaning Yerecoin
Local Industries:-	Wheat Barley Canola Lupins Hay Oats Sheep Cattle Pigs Tourism
Length Sealed Roads:-	230.42 km
Length Unsealed Roads:-	590.00 km

Shire of Victoria Plains

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