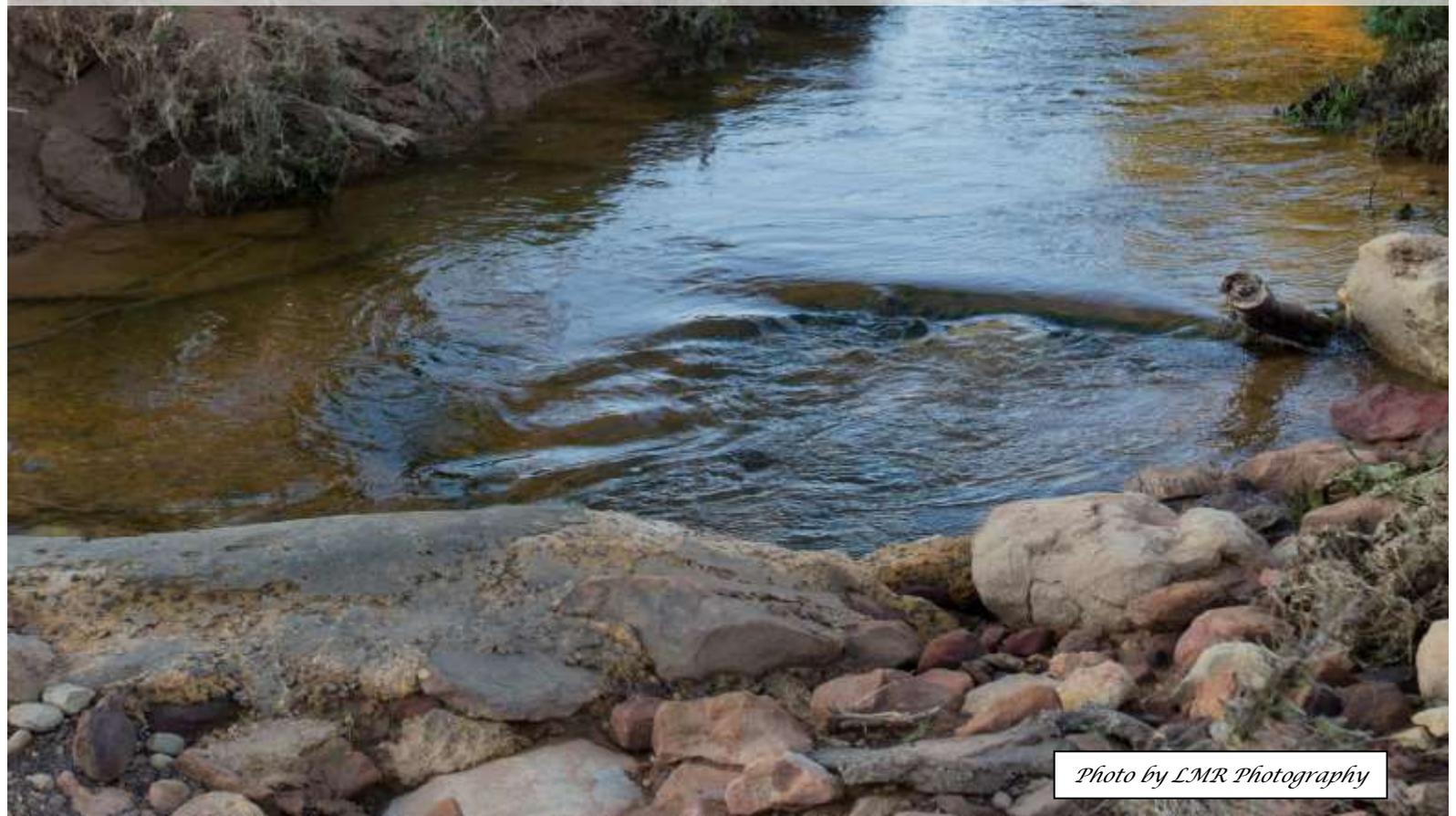




*Annual Report*  
**2014-2015**



*Photo by LMR Photography*



Shire of  
**Chapman Valley**  
*Love the Rural Life*

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY



# CONTENTS

---

Elected Members .....	5
Executive Staff .....	6
Minutes of Previous Elector’s Meeting .....	7
President’s Annual Report to Electors .....	17
Chief Executive Officer’s Report .....	19
Audited Financial Report.....	31
Independent Audit Report & Management Report .....	34

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

# ELECTED MEMBERS

## NORTH EAST WARD



**Cr John Collingwood  
(President)**  
RMB 572  
Yetna WA 6532  
☎ (08) 9923 3224  
Term Expiry 2017



**Cr Anthony Farrell  
(Deputy President)**  
308 Wandana Road  
Yuna WA 6532  
☎ (08) 9931 1030  
Term Expiry 2015



**Cr Pauline Forrester**  
PMB 24  
Yuna WA 6532  
☎ (08) 9920 1063  
Term Expiry 2015



**Cr Trevor Royce**  
PO Box 866  
Geraldton WA 6531  
☎ (08) 9925 1026  
Term Expiry 2015



**Cr Kirrilee Warr**  
678 Nolba Stock Route Road  
via Geraldton WA 6532  
☎ (08) 9920 3066  
Term Expiry 2017

## SOUTH WEST WARD



**Cr Peter Humphrey**  
12 Wittenoom Circle  
White Peak WA 6532  
☎ (08) 9938 3430  
Term Expiry 2015



**Cr Veronica Wood**  
24 Pitchford Crest  
White Peak WA 6532  
☎ 0438 439 707  
Term Expiry 2017



**Cr Ian Maluish**  
311 Eliza Shaw Drive  
White Peak WA 6532  
☎ 0417 949 062  
Term Expiry 2017

# COUNCIL EXECUTIVE STAFF



**Maurice Battilana**  
**Chief Executive Officer**



**Simon Lancaster**  
**Deputy Chief Executive Officer**



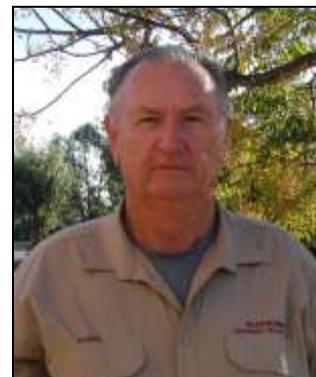
**Esky Kelly**  
**Manager Works & Services**



**Di Raymond**  
**Manager Finance & Corporate Services**



**Anthony Abbott**  
**Building / Projects Officer**



**Earl O'Donnell**  
**Senior Ranger**

# MINUTES OF PREVIOUS ELECTORS MEETING



Shire of  
**Chapman Valley**  
*Love the Rural Life*

## **UNCONFIRMED MINUTES**

**ANNUAL GENERAL MEETING OF  
ELECTORS  
TUESDAY 3<sup>RD</sup> FEBRUARY 2015  
COUNCIL CHAMBERS NABAWA  
6.00PM**

DISCLAIMER



No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on

**WRITTEN CONFIRMATION**

Of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read 'M. Battilana', is written over a large, faint, circular watermark or background mark.

Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**



**UNCONFIRMED MINUTES OF ANNUAL GENERAL MEETING OF ELECTORS HELD IN  
THE COUNCIL CHAMBERS NABAWA ON TUESDAY 3 FEBRUARY 2015 AT 6.00PM**

---

**Order of Business:**

**1.0 Declaration of Opening / Announcements of Visitors**

The Chairman, Cr Collingwood declared the meeting open at 6.02pm.

**2.0 Record of Attendance**

**2.1 Present**

a. Councillors

<b>Member</b>	<b>Ward</b>
Cr John Collingwood (President)	North East Ward
Cr Anthony Farrell (Deputy President)	North East Ward
Cr Pauline Forrester	North East Ward (from 6.05pm)
Cr Trevor Royce	North East Ward
Cr Kirrilee Warr	North East Ward
Cr Peter Humphrey	South West Ward (from 6.05pm)
Cr Veronica Wood	South West Ward
Cr Ian Maluish	South West Ward

b. Staff

<b>Officer</b>	<b>Position</b>
Maurice Battilana	Chief Executive Officer
Simon Lancaster	Manager of Planning
Karen McKay	Executive Assistant (Minute Taker)
Dianne Raymond	Manager of Finance & Corporate Services (from 6.05pm)
Kristy Williams	Accountant

c. Visitors

<b>Name</b>	<b>Name</b>
Sue Collingwood	Linda Dymond
Peter Batten	Linda Leeming
Carl Smith	Tony Webb
Debbie Smith	Charmaine Webb

Val Royce	Linda Saunders
Lisa Cole	Pedro Fonseca
Darren Cole	Judi Bradley
Garry Wood	

## 2.2 Apologies

Name	
Tom and Tana Davies	

## 3.0 Confirmation of Minutes of previous Annual Electors Meeting held on Wednesday 4 February 2014.

<p><b>MOVED: CR FARRELL                      SECONDED: CR ROYCE</b></p> <p><b>That the Minutes of the Annual General Meeting of Electors held on Tuesday 4 February 2014 be confirmed as a true and accurate record.</b></p> <p style="text-align: right;"><b>CARRIED</b> <b>Minute Reference AEM 02/15 - 1</b></p>
---

## 4.0 Receiving of Annual Report 2013/2014

<p><b>MOVED: CR FARRELL                      SECONDED: CR WOOD</b></p> <p><b>That the 2013/2014 Annual Report including Annual Financial Statements, Audit Report, Presidents Report and Chief Executive Officer Report be received.</b></p> <p style="text-align: right;"><b>CARRIED</b> <b>Minute Reference AEM 02/15 - 2</b></p>
---

## 5.0 GENERAL BUSINESS

### Questions & Answers

1. Mr Carl Smith – (Parkfalls Maintenance): Now Parkfalls Mowing is no longer contracted to conduct mowing, weeding, spraying, tree lopping/pruning and picking up the rubbish etc. what is the Shire's maintenance plan and schedule to carry on this work. Surely the mobilisation of equipment and personal to the Park falls Estate is a substantial cost on its own. What we had in place, one man with his tractor & ute maintained councils requirements (above and beyond what they are currently maintained at) and serviced private mowing requirements. Why not increase the contract dollars to keep this service?

Cr Collingwood responded as follows:

- Council called tenders for the supply of the mowing, slashing, watering and maintenance services for all the Western Region in 13/14 (not just Parkfalls);
- Though there were several enquiries only one tender was received from Parkfalls Mowing who was providing the current service;

- Council awarded the contract to Parkfalls Mowing. However the owner of the business would not sign the contract to undertake the service, which was based upon the Tender Specifications and the tender prices he submitted;
- As a result Council resolved to bring the services back in-house and budget accordingly, rather than go through the tender process again;
- The transition from the exiting contractor to in-house servicing of the areas was catered for in the 14/15 Budget and was to take effect after the 31/12/14. The basis of the Council decision to bring the work back in-house was to have external contractors continuing to undertake works to compliment the Shire resources on an as needs basis to ensure resources are maximised;
- Mobilisation is not a large cost and can be catered for within the budget and resources.

2. Carl Smith - Why did Council ignore the petition from 118 residents of the Parkfalls community expressing their confidence in the then SOCV Bill Hemsley Park Management Committee to vote Cr Wood off the committee when the motion put to the December meeting was factually incorrect?

Cr Collingwood responded as follows:

- Council did not ignore the petition as suggested. The Petition was taken into consideration by Councillors at the time the discussion took place and decision made;
- Elected Members have the right to present items to Council for consideration and determination, which is what, occurred at the December Council Meeting.
- The Bill Hemsley Park Project is still progressing and will go back to residents for their input.

Carl Smith said that what you hear and see sometimes feel like we are going backwards.

- Simon Lancaster (Manager Planning) advised Consultants are currently working on the Concept Plan and this will hopefully be presented to the March 2015 Council meeting and then should be out to residents for consultation in April 2015.
- Cr Collingwood advised that Council want to embrace what is good for the area.

3. Carl Smith - When is Council going to do items on the Parkfalls Streetscape Plan as adopted by Council in November 2010? What is going to be the budget allocation on a yearly basis for this work? As our rate have increased on a yearly basis and we are not seeing a value for our rate payer dollar.

Cr Collingwood asked Mr Smith what exactly he believed wasn't done or needed to be done bearing in mind:

- The fact is Council has undertaken a majority of the works identified in the Parkfalls Estate Improvement Plan. To dispel the comments that **"Nothing had been done since the Plan was adopted in November 2010"** an analysis of works listed in the Plan and a status of the works was presented to Councillors. This set a very clear picture that a majority of the Plan had been implemented;

Carl Smith responded by expressing concerns the overall look of the Estate appears to be worsening with weeds on the verges getting out of control, plants and shrubs appear not to receiving the same attention they had in past

Carl Smith stated that he would like to see neat and tidy verges throughout the estate.

- Maurice Battilana (CEO) advised Council is currently investigating insurance liability issues in relation to residents maintaining verges and islands. He stated the Shire would love more resources to be able to do everything desired by all its residents and would encourage self help in the area where this was practical.

4. Linda Dymond - Asked who maintains the verges within the Shire of Chapman Valley as many Local Governments have different arrangements.

- Maurice Battilana advised that Council have no specific policy in regards to maintenance of verges but they do have a policy on planting vegetation on verges and a local law regarding activities on thoroughfares. Verges are maintained on an as-needs and resource availability basis.

5. Linda Dymond - Stated that Walkaway Burr, Crown Beard and Patterson's curse are out of control.

- Maurice Battilana advised the Shire does not have a legal obligation to spray undeclared weeds on their reserves and these plants are not declared noxious weeds. Weeds across the whole Shire are sprayed on an as-needs and resource availability basis.

6. Darren Cole - Asked if the Shire has a Fire Management Plan in place for the Parkfalls area.

- Maurice Battilana responded stating there is no Fire Management Plan for road reserves in Parkfalls or any other part of the Shire. There is a Fire Notices for the whole Shire, which is relevant to landowners and enforced by way of infringements and possible prosecution for non-compliance.
- Cr Royce advised under current Fire Notice that Parkfalls Estate private land is to be slashed rather than mineral earth (bare earth) firebreaks. Approval for mineral earth firebreaks can be given with Council approval. Dead material to also be removed within private blocks in the Parkfalls Estate.
- Simon Lancaster stated that Parkfalls is also a fire hydrant estate.

7. Linda Dymond - Asked if the Shire has a policy in regards to what/where trees can be planted within a private land (i.e. can landowners plant hard up against their boundary fence on their land).

- Maurice Battilana responded stating there is no Shire policy stipulating what can or cannot be planted within private land and nothing in regards to planting on fenceline. However, Council does have a Policy which stipulates planting on Shire road reserves.

8. Brooke Bennett - Questions were received via email from Ms Brooke Bennett today.

The President ruled that as Ms Bennett was not at the meeting to present her questions and the fact they were only received today they would be taken on notice and the CEO would respond to Ms Bennett direct.

Following are the questions submitted by Ms Bennett:

*Upon reviewing the plan I am concerned that the Plan actually appears to be planning for the Shire to be economically unviable inside the 10 year period, in particular by the 7 year point. By the comments made in the plan it appears that even with new borrowings, asset sales, year on year rate increases of 5% and the assumption that grant funding will remain at approximately the same levels, the Shire is according to its plan do "not have enough funding to maintain all of our assets to the standard our community expects." Furthermore it states that "we may be forced to consider cuts to the level of service provided if we cannot access grant funds to enable us to maintain and renew our essential infrastructure assets such as roads in the future."*

A look at the projected ratios shows the Council by your own definitions in your report having the following ratios at unsustainable levels for the bulk of the years covered by the Plan:

- Operating Surplus Ratio (negative for all years 2012/13 on)
- Current Ratio (less than 1 for years 2013 on)
- Asset Renewal Funding Ratio (Less than 95% for all years)
- Debt Service Cover Ratio (According to DLGC target should be >15)

Given that it is unlikely that grant funding will increase dramatically given the government's preference for amalgamating small unsustainable councils into larger ones, what services to ratepayers does the Council anticipate cutting to balance their budget?

Is it not then wise to assume that the real rate increases over the next 10 years will need to be much greater than the projected 5% in the plan?

Why are these anticipated service cuts or required real rate increases not built in to your long term plan to produce a realistic & sustainable long term plan?

Does this anticipated position mean that amalgamation with Geraldton or Northampton is inevitable?

The LTFP relies on grant funding to remain at current levels plus inflation for the next 10 years, in fact, your optimistic scenario operating & capital grant levels are slightly lower than the base case levels leading me to suspect the base funding levels relied on in this plan are on the overly optimistic side. Why would the base case grant funding levels be greater than the optimistic case?

I know we have had in recent years a few major road projects which have increased the capital grant income. My understanding is that as the quality of your road assets improve, the ability to attract this funding may then reduce. Given that some of these projects are coming to an end, is it realistic to assume we will be able to continue to attract Roads to Recovery grant funding at this same level into the future?

In the Management Letter from your auditor of the financial statements for the year ending 30/6/2014, the Auditor mentions specifically the Debt Service Cover Ratio being a concern. It then goes on to point out that the "Asset Management Plan requires more renewal expenditure than is provided for in its Long Term Financial Plan." Shouldn't the anticipated spending in these reports match up? Are you now going to adjust your asset renewal plan for the fact that you are not anticipating having enough funds to implement the existing Asset Management Financial Plan?

9. Tony Webb - Questioned if the Shire has any outstanding rates as he could not find this information in the Annual Report.
  - Di Raymond (Manager Finance & Corporate Services) answered that the Shire has an annual average of approximately 97% for the collection rate.
  - Kristy Williams (Accountant) advised that the information could be found on Page 62 under Note 4 of the 2013/2014 Financial Statements.
10. Linda Saunders - Asked if Councillors under Local Government Law are to support the majority view of the constituents and/or Council and is there a course of action for Councillors not supporting these and for not complying with conflict of interest.

- Cr Collingwood replied that it is the individual Councillors decision on how to vote and residents can ring their Elected Members regarding their decision if they wish. However, Councillors are not obliged to endorse the constituent's position on an issue.
- Maurice Battilana advised that Elected Members all swear an Oath at the time they are sworn in as Elected Members of a local government, which refers to the Code of Conduct Regulations and Local Government Act. The Code of Conduct Regulations and Council Code of Conduct Policy (which is linked to the Regulation) does list ethical behaviour as a requirement of an Elected Member, which does request they support decisions of Council irrespective of how they individually voted on an issue.
- Maurice Battilana also confirmed Elected Members are legally obliged to comply with declaration of interest they may have. Such interest could be financial, proximity, impartiality, etc. There are penalties associated with non-declaration of interest.

11. Peter Batten - Asked is the Bill Hemsley Park Management Committee different to the Parkfalls Residents Association?

- Cr Collingwood responded by clarifying the Bill Hemsley Park Management Committee is a separate body to the Parkfalls Residents Association. However, the Parkfalls Residents Association does have two representatives on the Bill Hemsley Park Management Committee.

12. Cr Anthony Farrell – Responded to an earlier question in regards the petition presented to Council on the Bill Hemsley Park Management Committee expressing his concerns on the validity of the petition as there were names and signatures on the petition that were written in under the same hand writing.

Linda Dymond responded to this comment by confirming it was her who did this because of her husband and children's authorisation to her place there names on the petition on their behalf.

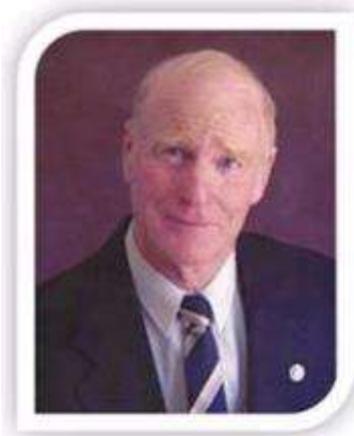
## 6.0 CLOSURE

The Presiding Member thanked members, ratepayers, visitors and staff for attending and declared the electors meeting closed at 6.45pm.

# Reports

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

# PRESIDENTS ANNUAL REPORT TO ELECTORS



Cr John Collingwood  
**Shire President**

## **INTRODUCTION**

This report covers the 2014/2015 financial year. This year has seen the State Government deciding to discontinue with the forced amalgamation of metropolitan local government authorities. The State Government's position of forcing local government amalgamations in the metropolitan area was destabilising to local governments across the State and it is pleasing to see democracy prevail.

Solid Strategic Planning and genuine resource sharing activities is the basis upon which this Shire is pursuing to ensure we are as efficient and efficient as possible, rather than simply seeing amalgamations as the only solution to improving local government operations.

## **OAKAJEE INDUSTRIAL ESTATE & DEEP WATER PORT DEVELOPMENTS**

The past twelve months has seen significant price reductions for spot price of iron ore exports, which has made any development at the Oakajee Industrial Estate and Deep Water Port less likely to occur in the near future. Irrespective of the current challenges being faced by the iron ore industry Council remains active in promoting the Estate and associated infrastructure (e.g. Oakajee Narngulu Infrastructure Corridor).

## **COMMUNITY SERVICES**

The past twelve months has seen the following community projects either completed or progress significantly:

- Nabawa Men's Shed;
- Howatharra Bush Fire Brigade Shed;
- Yuna Multipurpose Community Centre;
- Chapman Valley Historical Society / Nanson Museum display building;

I wish to extend my congratulations and appreciations to all the volunteers involved in these worthy projects and the Shire staff for their efforts in promoting these projects for grant funding and for working with the volunteers.

This financial year was the inaugural year for the Council funded Community Growth Fund (CGF). The purpose of the CGF is to encourage community groups to apply for funding from the Shire for projects which will be of benefit to the Chapman valley community.

I congratulate the recipients of CGF grants in 2014/2015 and for the successful completion of their individual projects. It is hoped the CGF program can continue well into the future and we will recognise the benefits of this program within the community.

### **VOLUNTEER BUSH FIRE BRIGADES**

The work of the local bush fire brigades continues to provide the community with an assurance that active and well trained units are available to assist in cases of emergency. These volunteers continue to do an excellent job and I once again commend them all for their efforts over the past and previous years.

### **COUNCIL MEMBERSHIPS**

The make-up of the Council during 2013/2014 was:

#### **North East Ward**

Cr John Collingwood (President)  
Cr Anthony Farrell (Deputy President)  
Cr Pauline Forrester  
Cr Trevor Royce  
Cr Kirrilee Warr

#### **South West Ward**

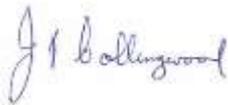
Cr Peter Humphrey  
Cr Veronica Wood  
Cr Ian Maluish

I wish to extend my sincere appreciation to all Councillors for the contribution to the Council and community.

### **CONCLUSION**

I take this opportunity to thank all Councillors, Maurice Battilana (Chief Executive Officer) and all staff for their excellent contribution to the operations of the Shire of Chapman Valley throughout the 2014/2015 year.

Finally, I again wish to extend my appreciation to those members of the community who have co-operated with Council in the areas of supplying road building material, water, land resumption, contribution toward works, volunteer labour for community projects etc., as such co-operation is invaluable for Council to maintain and upgrade roads to a more desirable standard for the ever increasing heavy haulage traffic we have on our roads today.



John Collingwood  
**SHIRE PRESIDENT**

# CHIEF EXECUTIVE OFFICER'S ANNUAL REPORT



Maurice Battilana  
**Chief Executive Officer**

## INTRODUCTION

It is with pleasure I provide the following information to constituents of the Shire of Chapman Valley and include the statutory reporting requirements for the 2014/2015 financial year.

## ROAD WORKS

Council continues to have an extensive road works program each year and works were carried out on various roads including the following major construction works on the following roads during 2014/2015:-

- East Bowes Road
- Dartmoor Road
- Yuna Tenindewa Road
- East Nabawa Road
- Nolba Road
- Cannon Whelarra Road
- Richards Road
- Dolby Road
- Eliza Shaw Road

Roadwork projects remain Council's most significant area of expenditure and allocation of Shire resources. In the 2014/2015 year Council spent a total of approximately \$2.6m on road construction and \$1.4m on road & bridge maintenance.

## PLANT & EQUIPMENT

In accordance with the ten year plant replacement programme Council has continued to update items of plant and equipment in the 2014/2015 financial year to achieve greater efficiencies and minimise maintenance costs. This has seen the acquisition of the following replacement major plant items:-

- Light Fire Tanker - Yetna Brigade;
- Tipper Truck (Maintenance);
- Spay Trailer/Unit;
- Ride On Mower, Slasher, Trailer (Upgrade to Gardening Equipment)

## STAFF

There have been the usual departures and arrivals of staff within the organisation. I wish departing staff all the very best for the future, welcome new staff to the organisation and take this opportunity to thank all staff for their dedication and loyalty to the Shire and the community.

## POPULATION GROWTH

The Shire continues to experience steady growth with the most recent census data recording 1,037 persons living in the Shire of Chapman Valley in 2011 a 27% increase since 2004. This rate of growth is expected to continue with people continuing to choose to settle in the Shire and make it their home due to its range of rural-residential lifestyle opportunities. The next census will be held in August 2016 and based on the development approvals issued by the Shire will again record a growing population.

The development approvals issued by the Shire in 2014/2015 are as follows:

1 July 2014 – 30 June 2015		
Type	No. Approved	Value
Dwellings	22	\$8,603,410
Dwelling (Class 1a inside Class 10a)	3	\$173,000
Outbuildings	23	\$713,938
Other Residential (patios, pools, granny flats etc.)	15	\$585,422
Industrial/Commercial/Events	11	\$310,000
<b>TOTAL</b>	<b>74</b>	<b>\$10,385,770</b>

Note: The development of a single house and associated outbuilding(s) upon properties zoned 'Rural' and 'Residential' that comply with any relevant R-Code provisions, Shire Local Planning Policies, Structure Plans and Detailed Area Plans do not require the planning approval of the Local Government as per Section 8.2(b) of the Shire of Chapman Valley Local Planning Scheme No.2 and are not therefore listed within the table, and therefore actual development within the Shire in 14/15 will exceed the above.

The Shire has progressed work on a number of planning projects in 2014/2015 intended to meet the anticipated future needs of its growing population, these include the Coastal Management Strategy, the Nabawa Townsite Revitalisation Strategy, Buller Structure Plan and the Bill Hemsley Park Concept Plan.

## BUILDING PROGRAM

The building development throughout the Shire has been steady with increases in single residential dwellings being constructed in the last half of the financial year which is continuing into 2014/2015, most of the development being in the western region.

Shire projects completed include:

- Completion of Yuna Multi-Purpose Community Centre;
- Yuna Hall improvements including the asbestos roof removal & recladding, disabled access ramp, installation of aluminium window at the kitchen, rebuild of the main power board;
- Nabawa Community Centre improvements including, main power board rebuild & associated safety improvements, repainting of eaves;
- Nabawa Stadium improvements including, installation of PA door at fire hose reel, repainting of male & female toilets;
- Completion of the Nabawa Cemetery improvements including the new Interment Wall;
- Nanson show ground improvements including, reroof of pavilion verandah, painting of all exposed timber work, replacement of dining hall doors & internal painting & many general maintenance items, installation of new water supply pipe to the main tank;
- Nanson Museum improvements including the conservation works at the Old Roads Board Building;
- Nabawa Depot improvements including, dog kennel works, new shed with power & water connection, lean to over compressor, patio on site office, NACC sea container installation;
- Coronation Beach improvements including, the relocation of shade shelters from near highway to camp area, installation of playground structure and associated works.
- Nabawa Men's Shed completed;
- Howatharra Bush Fire Brigade vehicle storage shed and meeting/training facility completed;
- Chapman Valley Museum new display shed completed;
- Nabawa oval turf roller shed complete.

## **NATURAL RESOURCE MANAGEMENT**

The Shire of Chapman Valley continues to work with landowners, community groups and the Northern Agricultural Catchments Council on natural resource management, with a focus in 2014/2015 on the management and control of feral animals, and invasive species management, through 4 key projects:

### *Invasive species plan implementation in western third of Shire*

This project has removed African boxthorn and Tamarisk/Athel Pine, both Weeds of National Significance, and other priority weeds as identified in the 'Chapman Valley Invasive Species Plan' from the Moresby Range and Dolby Creek to the coast. Invasive fauna management has also been a focus. Some sites have been revegetated and stabilised where erosion processes poses a long term issue.

*State NRM grant funding of \$47,000 (GST ex)*

### *Revegetating the Moresby Ranges Stage 4*

This project built on previous work done in the Moresby Range by fencing creek lines from stock access, undertaking weed control and then utilising a mixture of direct seeding and tube stock planting to reduce the vulnerability of the slopes to wind erosion and water erosion.

*State NRM grant funding of \$50,000 (GST ex)*

### *Protecting waterways and remnant vegetation in the Chapman River Catchment Area*

This project proposal sought to improve the overall health of the Chapman River by improving land management practices in its catchment and the catchments of its tributaries, activities include 8km fencing, 20ha revegetation and documenting Aboriginal language.

*State NRM grant funding of \$50,000 (GST ex)*

### *Declared Species Group*

The Chapman Valley Men's Shed was engaged to undertake the bait/poison mixing, and the dropping off and collecting of bait and baiting stations for private landowners in the Buller, Waggrakine and White Peak areas. A contractor was engaged to undertaking the Pindone baiting along Dolby Creek, and the bridle paths and former rail alignment in the Parkfalls area.

*DSG grant funding of \$20,000 (GST ex)*

These projects were completed by the 30 June 2015 grant deadline.

## **REGIONAL COOPERATION**

The Shire continued to provide a regular town planning service to the Shire of Coorow during the 2014/2015 year, and an as-required service to other local governments.

Council uses the services of the Environmental Health Officer from the Shire of Northampton as required, and also outsources some of the fortnightly payroll functions to the City of Greater Geraldton.

In 2014/2015 the Shire worked with the local governments of Irwin, Northampton and the City of Greater Geraldton to develop specifications and to conduct a regional waste management and collection service tender for all four districts. This was an extremely successful project and resulted in significant savings being achieved across the four local governments. The assistance of the Western Australian Local Government Authority and Talis Consultants, along with significant contributions and cooperation from all four local governments was the basis for the success of this regional resource sharing project.

The above examples demonstrate the Shire of Chapman Valley's commitment to working with other local governments in this region to ensure cost efficiencies and a high quality service is delivered to our community.

## **PUBLIC INTEREST DISCLOSURE ACT 2003**

In the year under review, Council received no reports for the reporting period under the *Public Interest Disclosure Act 2003*.

**REPORT ON THE SHIRE OF CHAPMAN VALLEY PLAN FOR THE FUTURE – LOCAL GOVERNMENT ACT 1995 - SECTION 5.53(2)(e)**

In accordance with legislation the Shire completed the process of developing the required Integrated Planning & Reporting (IPR) documents to complement the Plan for the Future requirements of the Local Government Act, 1995, (Section 5.53(2)(e)) and associated legislation.

Below is a *Progress Report* on how Council has performed with specific aspects of the adopted Integrated Strategic Plan

**INTEGRATED STRATEGIC PLANNING – PROGRESS REPORT**

<b>ECONOMIC – Business Development and Attraction</b>			
<b>Objective</b>	<b>Strategy</b>	<b>Outcome</b>	<b>Progress to Date</b>
We want to be able to spend our money locally and encourage others to do the same	Investigate options to establish a store in the heart of the Shire	We can help grow the local economy	Ongoing. Will be market driven.
	Develop tourism in the Shire, including cottage industries, caravan park and events	Showcasing our attractions increased the number of people visiting the area	Ongoing. Shire was part of the MWDC Strategic Tourism Plan for the Midwest region.
	Develop short term and overnight accommodation options across the shire	Visitors stay longer in our community short-term employees can reside in the Shire	No action to date. Will be market driven.
Utilise the land available in the area for a range of new businesses	Develop the semi-rural parts of the Shire to attract light industry and retail	Increase customer spending and employment in the Shire	No action to date.
<b>LEADERSHIP – Engagement &amp; Communication</b>			
<b>Objective</b>	<b>Strategy</b>	<b>Outcome</b>	<b>Progress to Date</b>
We want a representation and governance model that reflects our community's unique attributes	The President and Councillors to be representative of the community and provide strong leadership	Community confidence and trust in Council	Ongoing.
We want to strengthen our community's position for the future	Maintain a resilient and independent Shire	A sustainable and progressive local government	Ongoing

Transparent decision-making is important to us	Active engagement with the community to inform decision-making	Contribution to how local issues are managed	Ongoing
	Maintain a strong customer focus	Effective communication on key decisions	Ongoing

<b>COMMUNITY – Maintaining &amp; Growing the Population</b>			
<b>Objective</b>	<b>Strategy</b>	<b>Outcome</b>	<b>Progress to Date</b>
We need good services to support our development as a Shire	Maintain existing services and facilities	Essential services help us to grow and prosper as a community	Ongoing
	Increase mobile phone coverage and improve power, road and water services	Essential services help us to grow and to prosper as a community	Chapman Valley Shire district allocated four mobile telecommunication towers to be established over next three years.
	Investigate bus transportation options to provide greater access links between the community and services	Our community can more easily access the range of services they need	No specific action to date.
	Improve early childhood education and schooling options	Young people are retained in our community	No specific action to date.
	Investigate the establishment of aged care facilities in the area	We can care for our elderly locally	No specific action to date.
We want inclusive communities	Develop community facilities to provide gathering places, including community centre, swimming pools	Stronger, inclusive communities across the Shire	No specific action to date.
We are committed to supporting growth in our towns	Make the right land available to increase housing	More people and families move into the Shire	Land development completed at Green Drive, Nabawa.

<b>ENVIRONMENT – Protection &amp; Sustainability</b>			
<b>Objective</b>	<b>Strategy</b>	<b>Outcome</b>	<b>Progress to Date</b>
Sustainability and protection of our farm land is important to the future of the area	Provide support to increase innovative farming practices in the area	Our land will be more productive now and in the future	Ongoing.
	Ensure we adequately protect and manage the land across the Shire, including weed eradication, mining developments and fire management services	Protection of our land to maintain and increase productivity	Ongoing.
We want to make the most of our environment, including the ranges, rivers and coastline	Explore opportunities to utilise key areas in the Shire by showcasing their natural and environmental characteristics	We recognise and uphold the value of our natural landscape	Ongoing.

<b>Major Initiatives to commence or continue in the next financial year.</b>			
	<b>Listed in CBP</b>		<b>Listed in CBP</b>
	<b>2015-2018</b>		<b>2016-2019</b>
Valentine Road (RRG)	√		√
Dartmoor Road	√		√
Yuna Tenindewa Road	√		√
Bill Hemsley Park	√		√
Wandana Road Gravel Sheeting	√		√
Indialla Road			√
Parkfalls Estate as per development plan			√
Wandana Road shoulder upgrade			√
Durawah Road	√		√
<b>Any modification that was made to the Strategic Community Plan during the financial year</b>			
Nil.			
<b>Any significant modification made to the Corporate Business Plan during the financial year</b>			
	<b>CBP 2015-2018</b>	<b>CBP 2016-2019</b>	<b>Comment</b>
	<b>\$000</b>	<b>\$000</b>	
<b>Buildings</b>			
Nabawa Residence	420	420	postponed 15/16 to 16/17

Sports Pavilion Chairlift	0	40	Added to 16/17
Nabawa Depot Upgrade	0	100	Added to 17/18
Nabawa Office Extensions	0	40	Added to 18/19
<b>Infrastructure</b>			
East Nabawa Road gravel sheeting	0	184	Added to 16/17
Indialla road gravel sheeting	0	184	Added to 15/16
Newmarracarra gravel sheeting	0	184 / 230 /156	Added to 16/17, 17/18, 18/19
Parkfalls Estate shoulders	0	50/50	Added to 16/17 and 17/18
Yuna Tenindewa reseal	0	175/175	Added to 17/18 and 18/19
East Nabawa Road seal upgrade	0	300/300/300	Added to 16/17, 17/18, 18/19
Parkfalls Estate as per development plan	0	150	Added to 15/16
Valentine Two Coat seal	300/300	393/300/300/300	Project was to commence 16/17, now commencing 15/16 and increase in budget
Wheeldon Hosking/East Naraling Rd Junction	0	20/133	Added to 15/16 and 16/17
Wandana	0	242	Added to 15/16
<b>Operating</b>			
Rate Increase	6.50%	6.5%	Actual raised 14/15 was 6%, 15/16 was 5.5%
Fees and charges	3.3%	2.2%	
Materials & Contracts, Insurance, Other Expenditure	3.3%	3.1%	
Materials and Operating Grants		+657	Flood damage funding and expenditure for 15/16
Utilities	3.3%	4.5%	

### **PAYMENTS TO EMPLOYEES (SECTION 5.53(2)(g) LOCAL GOVERNMENT ACT 1995)**

In accordance with section 5.53(2)(g) of the *Local Government Act* 1995 and Clause 19B of the *Local Government (Administration) Regulations* 1996, employee's payments equal to, or in excess of \$100,000.00 (cash component) are required to be recognised in the Shire's Annual Report i.e.

<b>Range – In Increments of \$10,000</b>	<b>Number of employees within each Range</b>
140,000 to 150,000	1
100,000 to 110,000	1

### **NATIONAL COMPETITION POLICY**

#### **Clause 7 Statement - LR3**

The Shire of Chapman Valley completed the full review of all Local Laws during 2007/2008 financial year and adopted the new local laws, which now all comply with the requirements of the National Competition Policy.

## **Clause 7 Statement – Competitive Neutrality**

As none of the Shire of Chapman Valley activities derived an annual income in excess of \$200,000, it has not been necessary for Council to implement the Competitive Neutrality Principles of the National Competition Policy.

### **DISABILITY SERVICES**

In accordance with section 29 (2) of the *Disability Service Act 1993*, it is a requirement for the Shire of Chapman Valley to report on outcome based activities highlighted in the Disability Service Plan (now known as the Disability Access and Inclusion Plan-DAIP) in this report.

Council undertook a full review of its Disability Service Plan in 2015 and adopted its new plan in May 2015 for the period 2015 to 2019

Under the *Disability Services Act 1993*, and as a part of the DAIP, each Local Government Authority has an annual reporting responsibility. The following progress report was presented to the Disability Services Commission:

#### **1. Below is a report on the Outcome Areas of our DAIP for 2013/2014:**

	<b>Number of strategies planned of 2014/2015</b> (Strategies planned whether implemented or not).	<b>Number of strategies completed in 2014/2015</b> (Strategies that were completed. Include on-going strategies).	<b>Number of strategies progressed through contractors in 2014/2014</b> (Strategies implemented by contractors. Not the number of contractors).
<b>Outcome 1</b>	0	0	0
<b>Outcome 2</b>	2	1	0
<b>Outcome 3</b>	0	0	0
<b>Outcome 4</b>	0	0	0
<b>Outcome 5</b>	0	0	0
<b>Outcome 6</b>	0	0	0
<b>Outcome 7</b>	0	0	0

#### **2. Below is a report on how we informed agents and contractors of your Disability Access and Inclusion Plan for 2013/2014:**

Provided a copy of your agency DAIP	
Provided a link to the DAIP	✓
Sent a letter	
Referenced in a contract(s)	✓
Referenced in a contract variation(s)	

#### **3. Below is a brief description of any significant DAIP initiatives undertaken by, or on behalf of your organisation by agents and contractors, in 2014/2015.**

- Ramp installed at the Nabawa Community Centre to provide easier access to this building.

## STATE RECORDS ACT 2000 - STANDARD 2/PRINCIPAL 6

In accordance with the requirements of Standard 2, Principal 6 of the *State Records Act 2000*, I hereby report on how the Shire of Chapman Valley employees are complying with the Shire's Records Keeping Plan:

### Item 6.1 - Staff Training, Information Sessions, Publications

Activities to ensure staff awareness and compliance are being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

Additional staff training and awareness was undertaken in 2014/2015.

### Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Chapman Valley's record keeping system:-

A register is to be maintained by the Administration staff responsible for filing all records of:-

- ~ Records that cannot be located
- ~ Files that are missing and unable to be located

### Item 6.3 – Agency Evaluation

The Shire of Chapman Valley's record keeping system will be continually reviewed and improved where possible in order to pursue best practise for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

A new electronic filing system, Synergysoft Records, was acquired and installed at the end of the 2007/2008 financial year. I am pleased to report that administration staff will receive further training on the efficient use of this system.

## REGISTER OF COMPLAINTS

In accordance with section 5.121 and of the *Local Government Act 1995* states the following:

### **5.121. Register of certain complaints of minor breaches**

- (1) *The complaints officer for each local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c).*
- (2) *The register of complaints is to include, for each recorded complaint —*
  - (a) *the name of the council member about whom the complaint is made;*
  - (b) *the name of the person who makes the complaint;*
  - (c) *a description of the minor breach that the standards panel finds has occurred; and*
  - (d) *details of the action taken under section 5.110(6)(b) or (c).*

Section 5.53 (2)(hb) of the Local Government, 1995, stipulates the following details needs to be reported:

<b>Number of complaints recorded in the register</b>	<b>How complaints were dealt with</b>	<b>Other details that the regulations require</b>
7	All dealt with and resolved internally	Nil

## **CONCLUSION**

The past twelve months has seen the completion/commencement of some very significant projects and I take this opportunity to thank and congratulate Elected Members, Staff and Volunteers for there contributions to theses projects. The effort of many has resulted in these major activities being completed on time and on budget.

I look forward to working with the Elected Members, Staff and the Community to meet the many challenges of the future at the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read 'M. Battilana', written in a cursive style.

Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**

# **AUDITED FINANCIAL REPORT**

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

**CHAPMAN VALLEY**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	59
Supplementary Ratio Information	61
Principal place of business: Address Chapman Valley Road, Nabawa	

**CHAPMAN VALLEY  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 20<sup>th</sup> day of November 2015



---

Maurice Battilana  
Chief Executive Officer

**CHAPMAN VALLEY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>				
Rates	22	2,202,596	2,199,837	2,110,332
Operating grants, subsidies and contributions	28	1,849,765	1,215,030	884,167
Fees and charges	27	385,532	392,040	380,649
Interest earnings	2(a)	90,706	65,800	85,780
Other revenue	2(a)	6,747	500	3,384
		<u>4,535,346</u>	<u>3,873,207</u>	<u>3,464,312</u>
<b>Expenses</b>				
Employee costs		(1,240,683)	(1,223,219)	(1,253,556)
Materials and contracts		(1,234,564)	(1,623,816)	(1,071,022)
Utility charges		(56,411)	(75,975)	(67,858)
Depreciation on non-current assets	2(a)	(1,172,434)	(1,098,985)	(1,054,926)
Interest expenses	2(a)	(12,353)	(19,031)	(18,032)
Insurance expenses		(170,568)	(167,025)	(185,502)
Other expenditure		(107,125)	(32,000)	(92,974)
		<u>(3,994,138)</u>	<u>(4,240,051)</u>	<u>(3,743,870)</u>
		541,208	(366,844)	(279,558)
Non-operating grants, subsidies and contributions	28	2,608,894	3,191,720	1,476,306
Profit on asset disposals	20	4,784	14,338	382,803
Loss on asset disposals	20	(358,923)	(3,789)	(61,320)
		<u>2,795,963</u>	<u>2,835,425</u>	<u>1,518,231</u>
<b>Net result</b>				
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	27,693,740	0	7,535,062
		<u>27,693,740</u>	<u>0</u>	<u>7,535,062</u>
<b>Total other comprehensive income</b>		<b>27,693,740</b>	<b>0</b>	<b>7,535,062</b>
		<u><b>30,489,703</b></u>	<u><b>2,835,425</b></u>	<u><b>9,053,293</b></u>
<b>Total comprehensive income</b>		<b>30,489,703</b>	<b>2,835,425</b>	<b>9,053,293</b>

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

**CHAPMAN VALLEY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>Revenue</b>	2(a)			
Governance		24,510	32,500	36,902
General purpose funding		3,576,230	3,105,918	2,600,415
Law, order, public safety		41,163	36,365	59,083
Health		8,918	5,450	7,177
Education and welfare		7,292	7,320	7,149
Housing		20,604	9,360	33,848
Community amenities		476,962	388,149	381,625
Recreation and culture		82,873	73,610	82,711
Transport		139,501	121,385	140,196
Economic services		37,107	20,400	30,940
Other property and services		120,186	72,750	84,266
		<u>4,535,346</u>	<u>3,873,207</u>	<u>3,464,312</u>
<b>Expenses</b>	2(a)			
Governance		(384,980)	(443,203)	(370,878)
General purpose funding		(201,514)	(237,620)	(200,526)
Law, order, public safety		(182,015)	(171,819)	(179,846)
Health		(21,527)	(21,333)	(23,860)
Education and welfare		(3,448)	(7,839)	(697)
Housing		(28,728)	(32,786)	(54,920)
Community amenities		(1,001,343)	(1,073,493)	(678,311)
Recreation and culture		(457,870)	(512,543)	(373,693)
Transport		(1,435,850)	(1,281,982)	(1,617,455)
Economic services		(175,354)	(184,995)	(182,354)
Other property and services		(89,156)	(253,407)	(43,298)
		<u>(3,981,785)</u>	<u>(4,221,020)</u>	<u>(3,725,838)</u>
<b>Finance costs</b>	2(a)			
Governance		(12)	0	0
General purpose funding		0	(2,000)	0
Community amenities		(878)	(2,248)	(2,204)
Recreation and culture		(3,080)	(3,154)	(3,574)
Transport		(8,383)	(11,629)	(12,254)
		<u>(12,353)</u>	<u>(19,031)</u>	<u>(18,032)</u>
<b>Non-operating grants, subsidies and contributions</b>				
Law, order, public safety		311,690	550,000	440,864
Community amenities		0	52,674	0
Recreation and culture		756,041	1,057,727	40,089
Transport		1,541,163	1,531,319	995,353
	28	<u>2,608,894</u>	<u>3,191,720</u>	<u>1,476,306</u>
<b>Profit/(Loss) on disposal of assets</b>				
Law, order, public safety		(19,759)	0	(43,897)
Housing		4,784	0	375,987
Community amenities		(337,480)	0	3,343
Transport		(1,684)	10,549	(13,950)
	20	<u>(354,139)</u>	<u>10,549</u>	<u>321,483</u>
<b>Net result</b>		<b>2,795,963</b>	<b>2,835,425</b>	<b>1,518,231</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	27,693,740	0	7,535,062
<b>Total other comprehensive income</b>		<u>27,693,740</u>	<u>0</u>	<u>7,535,062</u>
<b>Total comprehensive income</b>		<u><b>30,489,703</b></u>	<u><b>2,835,425</b></u>	<u><b>9,053,293</b></u>

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

**CHAPMAN VALLEY  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2015**

	NOTE	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,870,703	2,738,461
Trade and other receivables	4	387,373	384,073
Inventories	5	<u>2,086</u>	<u>3,653</u>
<b>TOTAL CURRENT ASSETS</b>		<u>3,260,162</u>	<u>3,126,187</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	6,388	5,882
Inventories	5	0	49,480
Property, plant and equipment	6	14,053,424	13,526,911
Infrastructure	7	<u>104,289,644</u>	<u>74,791,305</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>118,349,456</u>	<u>88,373,578</u>
<b>TOTAL ASSETS</b>		<u>121,609,618</u>	<u>91,499,765</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	283,035	489,437
Current portion of long term borrowings	9	58,888	151,607
Provisions	10	<u>314,941</u>	<u>343,551</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>656,864</u>	<u>984,595</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	133,972	195,235
Provisions	10	<u>34,900</u>	<u>25,756</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>168,872</u>	<u>220,991</u>
<b>TOTAL LIABILITIES</b>		<u>825,736</u>	<u>1,205,586</u>
<b>NET ASSETS</b>		<u>120,783,882</u>	<u>90,294,179</u>
<b>EQUITY</b>			
Retained surplus		27,528,761	24,251,226
Reserves - cash backed	11	1,170,173	1,651,745
Revaluation surplus	12	<u>92,084,948</u>	<u>64,391,208</u>
<b>TOTAL EQUITY</b>		<u>120,783,882</u>	<u>90,294,179</u>

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

**CHAPMAN VALLEY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2013</b>		<b>23,237,692</b>	<b>1,147,048</b>	<b>56,856,146</b>	<b>81,240,886</b>
Comprehensive income					
Net result		1,518,231	0	0	1,518,231
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>7,535,062</u>	<u>7,535,062</u>
Total comprehensive income		1,518,231	0	7,535,062	9,053,293
Transfers from/(to) reserves		(504,697)	504,697	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2014</b>		<b>24,251,226</b>	<b>1,651,745</b>	<b>64,391,208</b>	<b>90,294,179</b>
Comprehensive income					
Net result		2,795,963	0	0	2,795,963
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>27,693,740</u>	<u>27,693,740</u>
Total comprehensive income		2,795,963	0	27,693,740	30,489,703
Transfers from/(to) reserves		481,572	(481,572)	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2015</b>		<b><u>27,528,761</u></b>	<b><u>1,170,173</u></b>	<b><u>92,084,948</u></b>	<b><u>120,783,882</u></b>

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

**CHAPMAN VALLEY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 \$	2015 Budget \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,186,210	2,199,837	2,092,103
Operating grants, subsidies and contributions		1,769,721	1,215,030	786,764
Fees and charges		398,166	392,040	387,349
Interest earnings		90,706	65,800	85,780
Goods and services tax		384,366	243,018	267,055
Other revenue		6,747	500	3,384
		<u>4,835,916</u>	<u>4,116,225</u>	<u>3,622,435</u>
<b>Payments</b>				
Employee costs		(1,363,690)	(1,223,219)	(1,178,980)
Materials and contracts		(1,337,418)	(1,865,277)	(976,273)
Utility charges		(54,034)	(75,975)	(71,050)
Interest expenses		(14,981)	(19,031)	(20,749)
Insurance expenses		(170,568)	(167,025)	(185,502)
Goods and services tax		(302,565)	(210,000)	(249,103)
Other expenditure		(107,125)	(32,000)	(115,422)
		<u>(3,350,381)</u>	<u>(3,592,527)</u>	<u>(2,797,079)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>1,485,535</u>	<u>523,698</u>	<u>825,356</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,307,290)	(1,748,869)	(754,969)
Payments for construction of infrastructure		(2,584,265)	(3,453,570)	(1,721,800)
Non-operating grants, Subsidies and contributions		2,608,894	3,191,720	1,476,306
Proceeds from sale of fixed assets		83,351	85,000	601,546
<b>Net cash provided by (used in) investment activities</b>		<u>(1,199,310)</u>	<u>(1,925,719)</u>	<u>(398,917)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(153,983)	(151,608)	(186,586)
Proceeds from self supporting loans		0	0	0
Proceeds from new debentures		0	0	151,500
<b>Net cash provided by (used in) financing activities</b>		<u>(153,983)</u>	<u>(151,608)</u>	<u>(35,086)</u>
<b>Net increase (decrease) in cash held</b>		132,242	(1,553,629)	391,353
Cash at beginning of year		2,738,461	2,738,460	2,347,108
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>2,870,703</u></u>	<u><u>1,184,831</u></u>	<u><u>2,738,461</u></u>

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

**CHAPMAN VALLEY  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
<b>Revenue</b>				
Governance		24,510	32,500	36,902
General purpose funding		1,373,635	906,081	490,085
Law, order, public safety		352,853	586,365	499,947
Health		8,918	5,450	7,177
Education and welfare		7,292	7,320	7,149
Housing		25,388	9,360	409,835
Community amenities		476,962	440,823	384,968
Recreation and culture		838,914	1,131,337	122,800
Transport		1,680,664	1,663,253	1,139,022
Economic services		37,107	20,400	30,940
Other property and services		120,186	72,750	84,264
		<u>4,946,429</u>	<u>4,875,639</u>	<u>3,213,089</u>
<b>Expenses</b>				
Governance		(384,992)	(443,203)	(370,878)
General purpose funding		(201,514)	(239,620)	(200,526)
Law, order, public safety		(201,774)	(171,819)	(223,743)
Health		(21,527)	(21,333)	(23,860)
Education and welfare		(3,448)	(7,839)	(697)
Housing		(28,728)	(32,786)	(54,920)
Community amenities		(1,339,701)	(1,075,741)	(680,515)
Recreation and culture		(460,950)	(515,697)	(377,267)
Transport		(1,445,917)	(1,293,611)	(1,647,132)
Economic services		(175,354)	(184,995)	(182,354)
Other property and services		(89,156)	(253,407)	(43,298)
		<u>(4,353,061)</u>	<u>(4,240,051)</u>	<u>(3,805,190)</u>
<b>Net result excluding rates</b>		593,368	635,588	(592,101)
<b>Adjustments for cash budget requirements:</b>				
<b>Non-cash expenditure and revenue</b>				
(Profit)/Loss on asset disposals	20	354,139	(10,549)	(321,483)
Movement in deferred pensioner rates (non-current)		(506)	0	(1,494)
Movement in employee benefit provisions (non-current)		(19,466)	0	64,812
Depreciation and amortisation on assets	2(a)	1,172,434	1,098,985	1,054,926
<b>Capital Expenditure and Revenue</b>				
Purchase of land and buildings	6(b)	(974,510)	(980,748)	(72,574)
Purchase furniture and equipment		0	0	(8,720)
Purchase plant and equipment	6(b)	(309,081)	(743,985)	(673,675)
Purchase tools and equipment	6(b)	(23,699)	(24,136)	0
Purchase roads	7(b)	(2,584,265)	(3,180,843)	(1,721,800)
Purchase parks and ovals		0	(272,727)	0
Proceeds from disposal of fixed assets	20	83,351	85,000	601,546
Repayment of debentures	21(a)	(153,983)	(151,608)	(186,586)
Proceeds from new debentures	21(a)	0	0	151,500
Transfers to reserves (restricted assets)	11	(326,981)	(301,765)	(591,323)
Transfers from reserves (restricted assets)	11	808,553	782,462	86,626
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	985,004	864,489	1,085,018
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	1,806,954	0	985,004
<b>Total amount raised from general rate</b>	22(a)	<u>(2,202,596)</u>	<u>(2,199,837)</u>	<u>(2,110,332)</u>

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

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

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

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

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

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

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

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

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

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

**(c) Cash and Cash Equivalents**

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

**General**

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

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

**Land held for sale**

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

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

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

**(f) Fixed Assets**

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

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

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

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

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

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

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

***Land under control***

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

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

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

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

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

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

***Revaluation***

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

***Land under roads***

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

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

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

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

***Depreciation***

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

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

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

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

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

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

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

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

***Capitalisation threshold***

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

***Fair value hierarchy***

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

***Valuation techniques***

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

**Market approach**

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

**Income approach**

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

**Cost approach**

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

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

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

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

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

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

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

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

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

**(r) Superannuation**

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

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

**(v) Budget Comparative Figures**

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
[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]			
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

**CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

**CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

Notes:

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

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

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

These new and revised Standards were:

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>2. REVENUE AND EXPENSES</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Auditors remuneration</b>		
- Audit of the annual financial report	40,382	25,794
- Other services	3,100	900
<b>Depreciation</b>		
Non-specialised buildings	3,724	45,928
Specialised buildings	86,500	2,992
Furniture and Equipment	25,482	22,599
Plant and Equipment	273,302	247,794
Tools and Equipment	3,760	2,082
Roads	749,135	728,955
Parks and Ovals	16,924	4,576
Other Infrastructure	13,607	0
	<u>1,172,434</u>	<u>1,054,926</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 21 (a))	12,341	18,032
Municipal fund interest	12	0
	<u>12,353</u>	<u>18,032</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Other	6,747	3,384
	<u>6,747</u>	<u>3,384</u>
	<u>1,172,434</u>	<u>1,054,926</u>
	<b>2015</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Interest earnings</b>		<b>2014</b>
- Reserve funds	33,196	Actual
- Other funds	36,070	\$
Other interest revenue (refer note 26)	21,440	28,789
	<u>90,706</u>	41,354
	<u>90,706</u>	15,637
	<u>90,706</u>	<u>85,780</u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

The Shire of Chapman Valley's vision is:

To maintain and enhance sustainable growth and prosperity in accordance with the Chapman Valley traditional rural and natural values.

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Operation, improvements and maintenance of pre-school facilities; assistance to playgroups and other voluntary services. Annual awards and prizes to Nabawa and Yuna Primary Schools.

**HOUSING**

**Objective:**

To provide and maintain residential housing.

**Activities:**

Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Hosting of a Natural Resource Management Officer to assist community groups and landowners.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

provision and operation of local libraries and library services. Contributions towards heritage issues such as municipal inventory, local Historical society operations - museum development/ improvement etc.

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government. Includes vehicle registration, vehicle examination expenses and examination facilities.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Eradication of noxious weeds and control of vermin. The development, promotion, support etc. of tourism and area promotion to attract tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services, swimming pool inspections etc. Revenues and outlays associated with water supply - standpipes.

**OTHER PROPERTY AND SERVICES**

**Objective:**

'To monitor and control Shire's overheads operating accounts.

**Activities:**

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour, which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Conditions Over Grants/Contributions**

<b>Grant/Contribution</b>	<b>Function/ Activity</b>	<b>Opening Balance <sup>(1)</sup> 1/07/13 \$</b>	<b>Received <sup>(2)</sup> 2013/14 \$</b>	<b>Expended <sup>(3)</sup> 2013/14 \$</b>	<b>Closing Balance <sup>(1)</sup> 30/06/14 \$</b>	<b>Received <sup>(2)</sup> 2014/15 \$</b>	<b>Expended <sup>(3)</sup> 2014/15 \$</b>	<b>Closing Balance 30/06/15 \$</b>
Moresby Invasive Species Mgt & Restoration Moresby stage 3	Community Amenities	8,181	0	(8,181)	0	0	0	0
Moresby Invasive Species Mgt & Restoration Moresby stage 2	Community Amenities	3,918	0	(3,918)	0	0	0	0
Coronation Beach Evacuation and Emergency Plan	Law, Order and Public Safety	0	13,278	(2,696)	<b>10,582</b>	0	(9,068)	<b>1,514</b>
Waste Management Regional Investment Plan	Community Amenities	0	22,490	(10,398)	<b>12,092</b>	22,996	(20,215)	<b>14,873</b>
Declared Species Group	Community Amenities	0	20,000	(12,552)	<b>7,448</b>	0	(7,448)	0
Buller Development Zone Structure Plan	Community Amenities	0	41,696	0	<b>41,696</b>	0	(41,696)	0
Nabawa Townsite Revitalisation Plan	Community Amenities	0	40,000	(9,221)	<b>30,779</b>	0	(18,336)	<b>12,443</b>
East Bowes Road R4R	Transport	0	367,365	0	<b>367,365</b>	0	(367,365)	0
Moresby Stage 4	Community Amenities	0	25,000	0	<b>25,000</b>	0	(25,000)	0
Invasive species plan	Community Amenities	0	25,000	0	<b>25,000</b>	0	(25,000)	0
Upper Chapman Stage 4	Community Amenities	0	25,000	(2,500)	<b>22,500</b>	0	(22,500)	0
Cloud Chasing	Community Amenities	0	0	0	0	15,000	(1,902)	<b>13,098</b>
Mental Health Training	Community Amenities	0	0	0	0	5,004	0	<b>5,004</b>
Economic Independence Workshop	Community Amenities	0	0	0	0	3,648	0	<b>3,648</b>
Coastal Planning Project	Community Amenities	0	0	0	0	21,000	(20,445)	<b>555</b>
Workforce Plan	Governance	0	0	0	0	25,000	(12,594)	<b>12,406</b>
<b>Total</b>		<b><u>12,099</u></b>	<b><u>579,829</u></b>	<b><u>(49,466)</u></b>	<b><u>542,462</u></b>	<b><u>92,648</u></b>	<b><u>(571,569)</u></b>	<b><u>63,541</u></b>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**2 REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions (Continued)**

**Notes:**

- (1)** - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2)** - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3)** - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	Note	2015 \$	2014 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		1,700,530	1,086,716
Restricted		<u>1,170,173</u>	<u>1,651,745</u>
		<u><u>2,870,703</u></u>	<u><u>2,738,461</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	92,583	41,295
Water Strategy Reserve	11	13,813	13,535
Computer and Office Reserve	11	43,645	8,197
Legal Reserve	11	28,378	27,808
Unspent Grants and Loans Reserve	11	63,541	542,462
Land Development Reserve	11	120,054	117,644
Roadworks Reserve	11	112,452	110,195
Landcare Reserve	11	36,621	83,085
Building Reserve	11	530,157	587,133
Light Vehicle Reserve	11	<u>128,929</u>	<u>120,391</u>
		<u><u>1,170,173</u></u>	<u><u>1,651,745</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
		2015 \$	2014 \$
<b>Current</b>			
Rates outstanding		125,964	110,084
Sundry debtors		257,679	190,269
GST receivable		0	81,801
Prepaid Expenditure		<u>3,730</u>	<u>1,919</u>
		<u><u>387,373</u></u>	<u><u>384,073</u></u>
<b>Non-current</b>			
Rates outstanding - pensioners		<u>6,388</u>	<u>5,882</u>
		<u><u>6,388</u></u>	<u><u>5,882</u></u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		<u>2,086</u>	<u>3,653</u>
		<u><u>2,086</u></u>	<u><u>3,653</u></u>
<b>Non-current</b>			
Land held for resale - cost			
Cost of acquisition		0	19,433
Development costs		<u>0</u>	<u>30,047</u>
		<u><u>0</u></u>	<u><u>49,480</u></u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2014 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	<u>2,631,000</u>	<u>2,924,000</u>
	2,631,000	2,924,000
Land vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	<u>1,283,381</u>	<u>1,283,381</u>
	1,283,381	1,283,381
	<u>3,914,381</u>	<u>4,207,381</u>
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	200,524	265,000
Less: accumulated depreciation	<u>(3,724)</u>	<u>0</u>
	196,800	265,000
Specialised buildings at:		
- Independent valuation 2014 - level 3	6,480,101	6,480,101
- Additions after valuation - cost	974,510	0
Less: accumulated depreciation	<u>(86,500)</u>	<u>0</u>
	7,368,111	6,480,101
	<u>7,564,911</u>	<u>6,745,101</u>
Total land and buildings	<u>11,479,292</u>	<u>10,952,482</u>
Furniture and Equipment at:		
- Management valuation 2014 - level 3	176,166	176,166
Less accumulated depreciation	<u>(48,082)</u>	<u>(22,600)</u>
	128,084	153,566
Plant and Equipment at:		
- Independent valuation 2013 - level 2	1,686,732	1,686,732
- Management valuation 2013 - level 3	253,124	283,657
- Additions after valuation - cost	982,756	673,675
Less accumulated depreciation	<u>(504,815)</u>	<u>(231,513)</u>
	2,417,797	2,412,551
Tools and Equipment at:		
- Management valuation 2013 - level 3	34,092	10,394
Less accumulated amortisation	<u>(5,841)</u>	<u>(2,082)</u>
	28,251	8,312
	<u>14,053,424</u>	<u>13,526,911</u>

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	2,924,000	0	(293,000)	0	0	0	0	2,631,000
Land vested in and under the control of Council	1,283,381	0	0	0	0	0	0	1,283,381
<b>Total land</b>	<b>4,207,381</b>	<b>0</b>	<b>(293,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,914,381</b>
Non-specialised buildings	265,000	0	(64,476)	0	0	(3,724)	0	196,800
Specialised buildings	6,480,101	974,510	0	0	0	(86,500)	0	7,368,111
<b>Total buildings</b>	<b>6,745,101</b>	<b>974,510</b>	<b>(64,476)</b>	<b>0</b>	<b>0</b>	<b>(90,224)</b>	<b>0</b>	<b>7,564,911</b>
<b>Total land and buildings</b>	<b>10,952,482</b>	<b>974,510</b>	<b>(357,476)</b>	<b>0</b>	<b>0</b>	<b>(90,224)</b>	<b>0</b>	<b>11,479,292</b>
Furniture and Equipment	153,566	0	0	0	0	(25,482)	0	128,084
Plant and Equipment	2,412,551	309,081	(30,533)	0	0	(273,302)	0	2,417,797
Tools and Equipment	8,312	23,699	0	0	0	(3,760)	0	28,251
<b>Total property, plant and equipment</b>	<b>13,526,911</b>	<b>1,307,290</b>	<b>(388,009)</b>	<b>0</b>	<b>0</b>	<b>(392,768)</b>	<b>0</b>	<b>14,053,424</b>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Land and buildings</b>					
Freehold land	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2014	Price per square metre
Land vested in and under the control of Council	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2014	Professional judgement of Registered Valuer adjusting the price per square metre of sales from sites not in close proximity.
Non-specialised buildings	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2014	Price per square metre
Specialised buildings	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2014	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement
<b>Furniture and Equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Residual values and remaining useful life assessments.
<b>Plant and Equipment</b>					
- Independent Valuation 2013	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2013	Price per item
- Management Valuation 2013	3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Residual values and remaining useful life assessments.
<b>Tools and Equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2013	Residual values and remaining useful life assessments.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Management valuation 2015 - level 3	100,886,441	0
- Cost	0	92,457,866
Less accumulated depreciation	0	(18,276,151)
	<u>100,886,441</u>	<u>74,181,715</u>
Parks and Ovals		
- Management valuation 2015 - level 3	1,632,076	0
- Cost	0	441,365
Less accumulated depreciation	0	(178,970)
	<u>1,632,076</u>	<u>262,395</u>
Other Infrastructure		
- Management valuation 2015 - level 3	1,771,127	0
- Cost	0	427,035
Less accumulated depreciation	0	(79,840)
	<u>1,771,127</u>	<u>347,195</u>
	<u>104,289,644</u>	<u>74,791,305</u>

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	<b>Balance as at the Beginning of the Year</b>	<b>Additions</b>	<b>(Disposals)</b>	<b>Revaluation Increments/ (Decrements)</b>	<b>Impairment (Losses)/ Reversals</b>	<b>Depreciation (Expense)</b>	<b>Transfers</b>	<b>Carrying Amount at the End of the Year</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Roads	74,181,715	2,584,265	0	24,869,596	0	(749,135)	0	100,886,441
Parks and Ovals	262,395	0	0	1,386,605	0	(16,924)	0	1,632,076
Other Infrastructure	347,195	0	0	1,437,539	0	(13,607)	0	1,771,127
<b>Total infrastructure</b>	<b><u>74,791,305</u></b>	<b><u>2,584,265</u></b>	<b><u>0</u></b>	<b><u>27,693,740</u></b>	<b><u>0</u></b>	<b><u>(779,666)</u></b>	<b><u>0</u></b>	<b><u>104,289,644</u></b>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$27,693,740 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Construction costs, current conditions, residual values and remaining useful life assessments
<b>Parks and Ovals</b>	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement
<b>Other Infrastructure</b>	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement

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

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

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	242,733	266,222
Accrued interest on debentures	1,428	4,056
Accrued salaries and wages	0	53,647
ATO liabilities	20,964	56,949
Accrued Expenditure	17,910	108,563
	<b>283,035</b>	<b>489,437</b>
	<b>283,035</b>	<b>489,437</b>

**9. LONG-TERM BORROWINGS**

**Current**

Secured by floating charge		
Debentures	58,888	151,607
	<b>58,888</b>	<b>151,607</b>
	<b>58,888</b>	<b>151,607</b>

**Non-current**

Secured by floating charge		
Debentures	133,972	195,235
	<b>133,972</b>	<b>195,235</b>
	<b>133,972</b>	<b>195,235</b>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2014</b>	164,507	179,044	343,551
Non-current provisions	0	25,756	25,756
	<b>164,507</b>	<b>204,800</b>	<b>369,307</b>
Additional provision	104,586	37,504	142,090
Amounts used	(127,887)	(62,339)	(190,226)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	(4,584)	33,254	28,670
<b>Balance at 30 June 2015</b>	<b>136,622</b>	<b>213,219</b>	<b>349,841</b>
	<b>136,622</b>	<b>213,219</b>	<b>349,841</b>
<b>Comprises</b>			
Current	136,622	178,319	314,941
Non-current	0	34,900	34,900
	<b>136,622</b>	<b>213,219</b>	<b>349,841</b>
	<b>136,622</b>	<b>213,219</b>	<b>349,841</b>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015 \$	2015 Budget \$	2014 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening balance	41,295	41,295	52,646
Amount set aside / transfer to reserve	51,288	51,000	1,108
Amount used / transfer from reserve	0	0	(12,459)
	<u>92,583</u>	<u>92,295</u>	<u>41,295</u>
<b>(b) Water Strategy Reserve</b>			
Opening balance	13,535	13,536	13,204
Amount set aside / transfer to reserve	278	350	331
Amount used / transfer from reserve	0	0	0
	<u>13,813</u>	<u>13,886</u>	<u>13,535</u>
<b>(c) Computer and Office Reserve</b>			
Opening balance	8,197	8,197	12,646
Amount set aside / transfer to reserve	35,448	35,365	5,044
Amount used / transfer from reserve	0	0	(9,493)
	<u>43,645</u>	<u>43,562</u>	<u>8,197</u>
<b>(d) Legal Reserve</b>			
Opening balance	27,808	27,808	27,126
Amount set aside / transfer to reserve	570	650	682
Amount used / transfer from reserve	0	0	0
	<u>28,378</u>	<u>28,458</u>	<u>27,808</u>
<b>(e) Unspent Grants and Loans Reserve</b>			
Opening balance	542,462	542,462	608
Amount set aside / transfer to reserve	18,210	0	541,854
Amount used / transfer from reserve	(497,131)	(542,462)	0
	<u>63,541</u>	<u>0</u>	<u>542,462</u>
<b>(f) Land Development Reserve</b>			
Opening balance	117,644	117,644	114,706
Amount set aside / transfer to reserve	2,410	2,700	2,938
Amount used / transfer from reserve	0	0	0
	<u>120,054</u>	<u>120,344</u>	<u>117,644</u>
<b>(g) Roadworks Reserve</b>			
Opening balance	110,195	110,195	107,496
Amount set aside / transfer to reserve	2,257	2,700	2,699
Amount used / transfer from reserve	0	0	0
	<u>112,452</u>	<u>112,895</u>	<u>110,195</u>
<b>(h) Landcare Reserve</b>			
Opening balance	83,085	83,085	80,958
Amount set aside / transfer to reserve	1,280	2,000	2,127
Amount used / transfer from reserve	(47,744)	0	0
	<u>36,621</u>	<u>85,085</u>	<u>83,085</u>
<b>(i) Building Reserve</b>			
Opening balance	587,133	587,133	635,838
Amount set aside / transfer to reserve	86,702	81,000	15,969
Amount used / transfer from reserve	(143,678)	(120,000)	(64,674)
	<u>530,157</u>	<u>548,133</u>	<u>587,133</u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(j) Light Vehicle Reserve**

Opening balance	120,391	120,390	101,820
Amount set aside / transfer to reserve	128,538	126,000	18,571
Amount used / transfer from reserve	<u>(120,000)</u>	<u>(120,000)</u>	<u>0</u>
	<u>128,929</u>	<u>126,390</u>	<u>120,391</u>
TOTAL RESERVES	<u>1,170,173</u>	<u>1,171,048</u>	<u>1,651,745</u>
Total Opening balance	1,651,745	1,651,745	1,147,048
Total Amount set aside / transfer to reserve	326,981	301,765	591,323
Total Amount used / transfer from reserve	<u>(808,553)</u>	<u>(782,462)</u>	<u>(86,626)</u>
TOTAL RESERVES	<u>1,170,173</u>	<u>1,171,048</u>	<u>1,651,745</u>

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

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

- (a) Leave Reserve**  
- to be used to fund annual and long service leave requirements
- (b) Water Strategy Reserve**  
- To be used for the construction and operational costs of facilities for fire fighting purposes.
- (c) Computer and Office Reserve**  
- To be used to replace computers and major items of office equipment.
- (d) Legal Reserve**  
- To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
- (e) Unspent Grants and Loans Reserve**  
- To be used to quarantine unspent grants and loans.
- (f) Land Development Reserve**  
- To be used for further subdivisional development in the Shire of Chapman Valley.
- (g) Roadworks Reserve**  
- To be used to fund road infrastructure projects.
- (h) Landcare Reserve**  
- To be used for Landcare related purposes as approved by Council.
- (i) Building Reserve**  
- To be used for the construction of shire buildings or capital upgrades of existing shire buildings.
- (j) Light Vehicle Reserve**  
- To be used for the purchase of major plant and light vehicles

The reserves are not expected to be used within a set period as further transfers to and from the reserve accounts are expected.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

<b>12. REVALUATION SURPLUS</b>	<b>2015</b>	<b>2014</b>
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and buildings</b>		
Opening balance	7,535,062	0
Revaluation increment	0	7,535,062
Revaluation decrement	0	0
	<u>7,535,062</u>	<u>7,535,062</u>
<b>(b) Roads</b>		
Opening balance	56,856,146	56,856,146
Revaluation increment	24,869,596	0
Revaluation decrement	0	0
	<u>81,725,742</u>	<u>56,856,146</u>
<b>(c) Other Infrastructure</b>		
Opening balance	0	0
Revaluation increment	1,437,539	0
Revaluation decrement	0	0
	<u>1,437,539</u>	<u>0</u>
<b>(d) Parks and Ovals</b>		
Opening balance	0	0
Revaluation increment	1,386,605	0
Revaluation decrement	0	0
	<u>1,386,605</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u><u>92,084,948</u></u>	<u><u>64,391,208</u></u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2015</b> <b>\$</b>	<b>2015</b> <b>Budget</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Cash and cash equivalents	<u>2,870,703</u>	<u>1,184,831</u>	<u>2,738,461</u>

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

Net result	2,795,963	2,835,425	1,518,231
Non-cash flows in Net result:			
Depreciation	1,172,434	1,098,985	1,054,926
(Profit)/Loss on sale of asset	354,139	(10,549)	(321,483)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(3,806)	33,018	(92,899)
(Increase)/Decrease in inventories	1,567	(6,947)	6,947
Increase/(Decrease) in payables	(206,402)	(234,514)	71,128
Increase/(Decrease) in provisions	(19,466)	0	64,812
Grants contributions for the development of assets	<u>(2,608,894)</u>	<u>(3,191,720)</u>	<u>(1,476,306)</u>
Net cash from operating activities	<u>1,485,535</u>	<u>523,698</u>	<u>825,356</u>

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

	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	0	(213)
<b>Total amount of credit unused</b>	<u>260,000</u>	<u>259,787</u>
<b>Loan facilities</b>		
Loan facilities - current	58,888	151,607
Loan facilities - non-current	<u>133,972</u>	<u>195,235</u>
<b>Total facilities in use at balance date</b>	<u>192,860</u>	<u>346,842</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**14. CONTINGENT ASSETS AND LIABILITIES**

**(a) Contingent Assets**

Council disposed of Lot 9500 Green Drive, Nabawa to Landcorp in 2014/15 for \$1 on demand for the purpose of subdividing the land for residential purposes. At the 30 June 2015 the entire parcel of land was owned by Landcorp as the subdivision had not been completed. The subdivision is expected to be completed in 2014/15. As a condition of the contract of sale Landcorp will subdivide the land into 11 parcels of land. 9 of the parcels will be residential lots, one of which Council will purchase from Landcorp, settlement date being 4th November 2015. As a condition of the subdivision Landcorp is required to have the lots fully serviced and the relevant roads formed and sealed to Council standards, as a result Council will purchase this lot at \$60,000.

The other 2 parcels of land will be transferred back to Council (for \$1 on demand) being:

- Lot 500 public open space and drainage
- Lot 9000 being the remainder of Lot 9500 not subdivided.

**(b) Contingent Liabilities**

There are no known contingent liabilities.

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Council has no operating lease commitments as a 30 June 2015.

**(b) Capital Expenditure Commitments**

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

**CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Governance	993,787	1,071,639
Law, order, public safety	876,862	595,252
Housing	141,768	502,968
Community amenities	120,961	131,637
Recreation and culture	8,678,801	7,999,029
Transport	75,632,818	73,666,344
Economic services	119,959	119,956
Other property and services	3,682,507	3,829,524
Unallocated	31,362,155	3,583,416
	<u>121,609,618</u>	<u>91,499,765</u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

	2015	2014	2013
<b>18. FINANCIAL RATIOS</b>			
Current ratio	3.704	1.563	1.844
Asset sustainability ratio	0.664	2.146	1.467
Debt service cover ratio	8.248	5.449	7.000
Operating surplus ratio	0.070	0.013	0.069
Own source revenue coverage ratio	0.616	0.819	0.434

The above ratios are calculated as follows:

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

**Notes:**

- (a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 61 of this document.
- (b) The Current Ratio as disclosed above, was distorted by an item of significant revenue relating to the early payment of 2015/2016 Financial Assistance Grants (FAGs) of \$428,318, which was received prior to year end.

The Debt Service Cover and the Operating Surplus Ratios as disclosed above were distorted by the item of significant revenue detailed in (b) above.

These items of significant revenue and expenditure are considered "one-off" timing in nature and, if they were ignored, the calculations disclosed in the 2015 column above would be as follows:

	2015	2013
Current Ratio	2.945	
Debt Service Cover Ratio	5.673	1.219
Operating Surplus Ratio	(0.090)	(0.373)
Own Source Revenue Coverage Ratio		0.506

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**19. TRUST FUNDS**

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Building Commission	86	13,722	(8,903)	4,905
CTF	100	27,573	(17,260)	10,413
Social Club	90	0	(90)	0
Contributions - Subdivisions	655,616	15,930	(61,045)	610,501
Post Box Deposits	940	120	(120)	940
Engineering Bonds	10,000	0	(10,000)	0
Standpipe Card	100	0	0	100
Hall Hire Bonds	0	3,150	(3,150)	0
Housing Bonds	0	2,660	(2,660)	0
Sundry Deposits	0	9,050	(4,050)	5,000
	<u>666,932</u>			<u>631,859</u>

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
Law, Order and Public Safety						
- Fire Tender	19,759	0	0	0	(19,759)	0
Transport						
- Mower	0	19,338	0	5,000	0	14,338
- Tip Truck	10,775	11,211	9,091	15,000	(1,684)	(3,789)
- Yuna Residence	69,476	65,000	74,260	65,000	4,784	0
<b>Community Amenities</b>						
- Green Drive Subdivision	337,480	0	0	0	(337,480)	
	<u>437,490</u>	<u>95,549</u>	<u>83,351</u>	<u>85,000</u>	<u>(354,139)</u>	<u>10,549</u>

Profit	4,784	14,338
Loss	(358,923)	(3,789)
	<u>(354,139)</u>	<u>10,549</u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Community amenities</b>								
Bulla Study - Loan 94	22,379	0	22,379	21,120	0	1,259	878	3,154
<b>Recreation and culture</b>								
Upgrade Community Centre - Loan 89	54,294	0	7,050	7,050	47,244	47,244	3,080	2,248
<b>Transport</b>								
Plant - Loan 93	75,377	0	75,377	75,377	0	0	1,453	3,238
Plant - Loan 95	43,292	0	21,057	19,941	22,235	23,351	1,772	2,958
Plant - Loan 96	151,500	0	28,120	28,120	123,380	123,380	5,158	5,433
	<b>346,842</b>	<b>0</b>	<b>153,983</b>	<b>151,608</b>	<b>192,859</b>	<b>195,234</b>	<b>12,341</b>	<b>17,031</b>

All loan repayments were financed by general purpose revenue.

**CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

(b) New Debentures - 2014/15

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

(c) Unspent Debentures

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

(d) Overdraft

Council established an overdraft facility of \$250,000 during the financial year. The balance at 30 June 2015 was nil. As security for the facility the bank holds a security over the general funds of Council as prescribed by section 6.21 (2) of the Local Government Act as amended or replaced and any other security prescribed by the Local Government Act.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

**(a) Rates**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential general rate / general rate</b>											
GRV	6.9473	245	4,834,164	298,870	21,940	1,396	322,206	298,870	0	0	298,870
UV Rural	0.9067	399	178,366,000	1,613,763	1,104	868	1,615,735	1,613,763	0	0	1,613,763
UV Oakajee Industrial Estate	1.8134	2	9,134,000	165,636	0	0	165,636	165,636	0	0	165,636
<b>Sub-Totals</b>		646	192,334,164	2,078,269	23,044	2,264	2,103,577	2,078,269	0	0	2,078,269
<b>Minimum payment</b>	<b>Minimum \$</b>										
GRV	516	220	1,122,200	113,520	0	0	113,520	115,068	0	0	115,068
UV Rural	325	23	138,695	8,048	0	0	8,048	6,500	0	0	6,500
UV Oakajee Industrial Estate	325	0	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		243	1,260,895	121,568	0	0	121,568	121,568	0	0	121,568
Movement in excess rates							2,225,145				2,199,837
<b>Total amount raised from general rate</b>							(22,549)				0
Specified Area Rate (refer note 23)							<b>2,202,596</b>				<b>2,199,837</b>
<b>Totals</b>							0				0
							2,202,596				2,199,837

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

	<b>2015</b> <b>(30 June 2015</b> <b>Carried Forward)</b> <b>\$</b>	<b>2015</b> <b>(1 July 2014</b> <b>Brought Forward)</b> <b>\$</b>	<b>2014</b> <b>(30 June 2014</b> <b>Carried Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) 1 July 14 brought forward</b>	<u>1,806,954</u>	<u>985,004</u>	<u>985,004</u>
<b><u>Comprises:</u></b>			
Cash and cash equivalents			
Unrestricted	1,700,530	1,086,716	1,086,716
Restricted	1,170,173	1,651,745	1,651,745
Receivables			
Rates outstanding	125,964	110,084	110,084
Sundry debtors	257,679	190,269	190,269
GST receivable	(20,964)	81,801	81,801
Prepaid Expenditure	3,730	1,918	1,918
Inventories			
Fuel and materials	2,086	3,653	3,653
<b><u>Less:</u></b>			
Trade and other payables			
Sundry creditors	(242,733)	(266,222)	(266,222)
Accrued interest on debentures	(1,428)	(4,056)	(4,056)
Accrued salaries and wages	0	(53,647)	(53,647)
ATO liabilities	0	(56,949)	(56,949)
Accrued Expenditure	(17,910)	(108,563)	(108,563)
Current portion of long term borrowings			
Secured by floating charge	(58,888)	(151,607)	(151,607)
Provisions			
Provision for annual leave	(136,622)	(164,507)	(164,507)
Provision for long service leave	(178,319)	(179,044)	(179,044)
<b>Net current assets</b>	<u><b>2,603,298</b></u>	<u><b>2,141,591</b></u>	<u><b>2,141,591</b></u>
<b><u>Less:</u></b>			
Reserves - restricted cash	(1,170,173)	(1,651,745)	(1,651,745)
<b><u>Add:</u></b>			
Secured by floating charge	58,888	151,607	151,607
Employee Liability not required to be funded	314,941	343,551	343,551
<b>Surplus/(deficit)</b>	<u><u><b>1,806,954</b></u></u>	<u><u><b>985,004</b></u></u>	<u><u><b>985,004</b></u></u>

**Difference**

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

**CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Private works			190	0
			190	0

Also, any pensioner who opted to make payment of current rates by instalments was eligible for a waiver of the usual \$7 administration charge.

A waiver was made available to certain community groups who used the photocopier for community projects, to persons or groups who used the main hall in association with a community event and to community groups for private works plant hire. All of these concessions are at the absolute discretion of Council who considers support of these groups necessary for the overall benefit of the community.

A waiver was made available to certain community groups who hire Council plant for community projects. Any waiver was made at the complete discretion of Council and was to be applied for in writing to the Chief Executive Officer. Council considers support of these groups necessary for the overall benefit of the community.

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.

No discount on rates is available.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	N/A	14,554	9,100
Interest on instalments plan	5.50%	N/A	6,654	5,000
Charges on instalment plan	N/A	8	4,104	3,000
Pensioner deferred rate interest	0	N/A	232	0
			25,544	17,100

Ratepayers had the option of paying rates in four equal instalments, due on 2 September 2014, 6 November 2014, 6 January 2015 and 6 March 2015. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2015</b> \$	<b>2014</b> \$
General purpose funding	19,577	9,682
Law, order, public safety	9,098	8,811
Health	8,918	7,177
Education and welfare	7,292	7,149
Housing	17,383	15,535
Community amenities	178,211	172,886
Recreation and culture	82,863	81,688
Transport	6,153	10,388
Economic services	32,951	27,498
Other property and services	23,086	39,835
	<u>385,532</u>	<u>380,649</u>

There were no changes during the year to the amount of the fees or charges detailed in the original SHIRE OF CHAPMAN VALLEY ANNUAL REPORT 2014/2015

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**28. GRANT REVENUE**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature or Type:</b>		
Operating grants, subsidies and contributions	1,849,765	884,167
Non-operating grants, subsidies and contributions	2,608,894	1,476,306
	<u>4,458,659</u>	<u>2,360,473</u>
<b>By Program:</b>		
Governance	24,510	36,902
General purpose funding	1,263,350	394,621
Law, order, public safety	343,755	491,136
Housing	1,538	18,313
Community amenities	298,751	208,739
Recreation and culture	756,051	41,112
Transport	1,673,603	1,125,160
Economic services	0	59
Other property and services	97,101	44,431
	<u>4,458,659</u>	<u>2,360,473</u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>21</u>	<u>23</u>
-----------	-----------

**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2015</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	22,889	34,054	32,223
President's allowance	6,426	12,500	12,500
Deputy President's allowance	1,607	3,125	3,125
Travelling expenses	7,685	12,000	12,236
Telecommunications allowance	8,604	8,000	9,777
	<u>47,211</u>	<u>69,679</u>	<u>69,861</u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2014/15.

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

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

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

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	2,870,703	2,738,461	2,870,703	2,738,461
Receivables	393,761	389,955	393,761	389,955
	<u>3,264,464</u>	<u>3,128,416</u>	<u>3,264,464</u>	<u>3,128,416</u>
<b>Financial liabilities</b>				
Payables	283,035	489,437	283,035	489,437
Borrowings	192,860	346,842	199,642	318,308
	<u>475,895</u>	<u>836,279</u>	<u>482,677</u>	<u>807,745</u>

Fair value is determined as follows:

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

**CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	37,526	28,682
- Statement of Comprehensive Income	37,526	28,682

**Notes:**

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

**CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

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

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

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

	<b>2015</b>	<b>2014</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	87%	99%
- Overdue	13%	1%

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

**(c) Payables**

**Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2015</u></b>					
Payables	283,035	0	0	283,035	283,035
Borrowings	66,513	140,987	5,073	212,573	192,860
	<u>349,548</u>	<u>140,987</u>	<u>5,073</u>	<u>495,608</u>	<u>475,895</u>
<b><u>2014</u></b>					
Payables	489,437	0	0	489,437	489,437
Borrowings	168,302	194,817	17,755	380,874	346,842
	<u>657,739</u>	<u>194,817</u>	<u>17,755</u>	<u>870,311</u>	<u>836,279</u>

**CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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

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

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

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

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	22,236	0	0	123,380	0	47,244	192,860	4.46%
Weighted average Effective interest rate	5.46%	0.00%	0.00%	3.70%	0.00%	5.99%		
<b><u>Year ended 30 June 2014</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	97,755	43,293	0	0	151,500	54,294	346,842	4.78%
Weighted average Effective interest rate	5.48%	5.46%	0.00%	0.00%	3.70%	5.99%		

**CHAPMAN VALLEY  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2015**

**RATIO INFORMATION**

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Asset consumption ratio	0.828	0.785	0.825
Asset renewal funding ratio	0.674	0.705	0.686

The above ratios are calculated as follows:

Asset consumption ratio	<u>depreciated replacement costs of assets</u> current replacement cost of depreciable assets
Asset renewal funding ratio	<u>NPV of planning capital renewal over 10 years</u> NPV of required capital expenditure over 10 years

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

# **INDEPENDENT AUDIT REPORT &** **MANAGEMENT REPORT**

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

Unit 16 Lakeside Corporate,  
24 Parkland Road, Osborne Park, WA 6017

PO Box 1707, Osborne Park, WA 6916

T +61 (0)8 9444 3400

F +61 (0)8 9444 3430

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

20 November 2015

Mr M Battilana  
Chief Executive Officer  
Shire of Chapman Valley  
PO Box 1  
NABAWA WA 6532

Dear Maurice

## **AUDIT OF SHIRE OF CHAPMAN VALLEY FOR THE YEAR ENDED 30 JUNE 2015**

We advise that we have completed the audit of your Shire for the year ended 30<sup>th</sup> June 2015 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely



GREG GODWIN  
PARTNER

Encl.

## **INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY**

Unit 16 Lakeside Corporate,  
24 Parkland Road, Osborne Park, WA 6017

PO Box 1707, Osborne Park, WA 6916

T +61 (0)8 9444 3400

F +61 (0)8 9444 3430

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Chapman Valley, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

#### ***Management's Responsibility for the Financial Report***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinion***

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY (CONTINUED)**

***Report on Other Legal and Regulatory Requirements***

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 61 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Signed at Perth this 20<sup>th</sup> day of November 2015

20 November 2015

Cr J Collingwood  
The Shire President  
Shire of Chapman Valley  
PO Box 1  
NABAWA WA 6532

Unit 16 Lakeside Corporate,  
24 Parkland Road, Osborne Park, WA 6017

PO Box 1707, Osborne Park, WA 6916

T +61 (0)8 9444 3400

F +61 (0)8 9444 3430

Dear Cr Collingwood

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

**MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2015**

We advise that we have completed our audit procedures for the year ended 30 June 2015 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

**COMMENT ON RATIOS**

Ratios provide useful information when compared to industry and internal benchmarks and assist in identifying trends. Whilst not conclusive in themselves, understanding ratios, their trends and how they interact is beneficial for the allocation of scarce resources and planning for the future. Information relating to the statutory ratios disclosed in the financial report is summarised in the table below and commentary provided on the following pages.

	Target Ratio <sup>1</sup>	Shire's Adjusted Ratios					Shire's 4 Year Trend <sup>2</sup>	3 Year Average <sup>3</sup>	
		Actual 2015	2015	2014	2013	2012		Regional	State
Current Ratio	≥ 1	3.70	2.95*	1.56	1.84	1.16	↑	2.37	2.16
Asset Sustainability Ratio	≥ 1.1	0.66	0.66	2.15	1.47	2.80	↓	1.44	1.29
Debt Service Cover Ratio	≥ 15	8.25	5.67*	5.45	1.22*	5.74	↑	11.24	14.43
Operating Surplus Ratio	≥ 0.15	0.07	(0.09)*	0.01	(0.37)*	0.11	↓	(0.14)	0.04
Own Source Revenue Coverage Ratio	≥ 0.9	0.62	0.62	0.82	0.51*	0.47	↑	0.57	0.69
Asset Consumption Ratio	≥ 0.75	0.83	0.83	0.79	0.83	N/A	↑	0.76	0.68
Asset Renewal Funding Ratio	≥ 1.05	0.67	0.67	0.71	0.69	N/A	↓	0.93	0.88

<sup>1</sup>Target ratios per Department of Local Government Guidelines except the Debt Service Ratio which is a target devised by Moore Stephens (and based on experience). For information, DLGC Guidelines indicate a target Debt Service Cover Ratio of 5.

<sup>2</sup> The 4 year trend compares the adjusted 2015 ratio to the average of the adjusted ratios for the last 4 years (except for the Asset Consumption Ratio and the Asset Renewal Funding Ratio which is a 3 year trend).

<sup>3</sup> The average in relation to the Regional and State comparisons is a 3 year average of 2012, 2013 and 2014 as information in relation to 2015 is not yet available.

\* Adjusted for "one-off" timing / Non-cash items.

## COMMENT ON RATIOS (CONTINUED)

### Adjustments relating to 2015

Three of the ratios in the accompanying table have been adjusted for a “one off” timing item as follows:

- Revenue was distorted by the early payment of 2015/16 Financial Assistance Grants (FAGs) totalling \$428,318.

This amount was adjusted when calculating the ratios in the table (as shown by “\*”) as were comparative year ratios which had been affected by “one off” / non-cash items.

### Regional and State 3 Year Averages

Regional and State 3 year averages have not been adjusted for these items even though “one-off” items may have been applicable in prior years as they are based on the statutory ratios which have been reported in published financial reports. However, they still provide a useful reference point as they are indicative of trend.

We provide commentary on specific ratios (identified as red in the table above) as follows:

### Assets Sustainability Ratio

This ratio is below target levels and is trending downwards.

This ratio measures the extent to which assets are being renewed/replaced compared to the amount consumed (depreciation).

A ratio less than 0.90 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.

The 2015 ratio (0.66) shows a decrease from the 2014 ratio (2.15) and is below the acceptable banding provided in DLG guidelines. In addition the four year average is trending downwards. This suggests Council is currently replacing or renewing its existing assets at a lower rate than they are wearing out. Notwithstanding this the Council has been involved in projects to widen existing roads. Therefore, even as the Council has been servicing existing road asset, the capital expenditure has been included as ‘new’ assets and not as replacement renewal of existing assets.

When this ratio is below 0.90, it should prompt a review of depreciation rates and asset valuations to ensure they are reasonable and are generating reliable representative depreciation expenditure.

Depending on the outcome of the depreciation and asset valuation reviews, it may also prompt a review of operations with a view to assessing the revenue raising capacity necessary to support the ongoing asset base.

Interpretation of this ratio should be considered together with the Asset Consumption Ratio (ACR) (above target at 0.83) and the Asset Renewal Funding Ratio (ARF) (below target banding at 0.67).

Council and management should continue to monitor this ratio in the future as it attempts to fully understand the trend.

### Debt Service Cover Ratio

Whilst this ratio is trending upwards, it remains below target levels and both the Regional and State 3 year averages.

The Debt Service Cover Ratio measures the Shire’s ability to service debt out of its uncommitted or general purpose funds available from its operations.

Council should continue implementing measures which have resulted in the upward trend.

## COMMENT ON RATIOS (CONTINUED)

### Operating Surplus Ratio

The adjusted ratio is below target levels and is trending downwards.

The Operating Surplus Ratio measures the Shire's financial sustainability having regard to asset management and the community's service level needs.

A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode Council's ability to service debt and maintain both its operational service level and asset base over the longer term whilst a positive ratio which is consistently above 0.15 provides the Shire with greater flexibility in meeting operational service levels and asset management requirements.

Both Council and management will need to consider ways to improve the operating position, either via increasing revenue or by decreasing expenditure (or a combination of both), in order to improve the ratio above the basic acceptable target level of 0.15.

### Asset Renewal Funding Ratio

This ratio is below target levels as well as Regional and State averages and is trending downwards.

The Asset Renewal Funding Ratio indicates whether the Shire's planned capital renewal expenditure over the next 10 years per its Long Term Financial Plan is sufficient to meet the required capital renewal expenditure over the next 10 years per its Asset Management Plan.

Interpretation of this ratio should be considered together with the Asset Sustainability Ratio (ASR) (High risk at 0.66) and the Asset Consumption Ratio (ACR) (low risk at 0.83).

Council should identify the reasons why its Asset Management Plans require more renewal expenditure than is provided for in its Long Term Financial Plan. Council should also consider a review of the Shire's long term capital investment program to help ensure asset renewal is maintained at an appropriate level with sufficient funding support in the future.

### Summary

**We would like to take this opportunity to stress one off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the Shire. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.**

**We will continue to monitor the financial position and ratios in future financial years and suggest it is prudent for Council and management to do so also as they strive to manage the scarce resources of the Shire.**

If the Shire requires, we have a report available which is able to compare your ratios against other Local Governments across the State and by Region. The report is also able to incorporate a selection of your peer Local Governments, whether they be of near neighbours or similar type in nature. This may be of particular relevance in your case as you are included in the Midwest region when comparison to other, more similar local governments, may be more relevant.

If you are interested in such an expanded report, please contact us.

## UNCORRECTED MISSTATEMENTS

We advise there were no uncorrected misstatements noted during the course of our audit.

We take this opportunity to thank all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Greg Godwin  
PARTNER  
Encl.