



Annual Report

2013-2014



Shire of
Chapman Valley
Love the Rural Life

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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
Manager for Planning



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 4TH FEBRUARY 2014
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.



Maurice Battilana
CHIEF EXECUTIVE OFFICER



UNCONFIRMED MINUTES OF ANNUAL GENERAL MEETING OF ELECTORS HELD IN THE COUNCIL CHAMBERS NABAWA ON TUESDAY 4 FEBRUARY 2014 AT 6.07PM

Order of Business:

1.0 Declaration of Opening / Announcements of Visitors

The Chairman, Cr Collingwood declared the meeting open at 6.07pm.

2.0 Record of Attendance

2.1 Present

a. Councillors

Member	Ward
Cr John Collingwood (President)	North East Ward
Cr Anthony Farrell (Deputy President)	North East Ward
Cr Pauline Forrester	North East Ward
Cr Trevor Royce	North East Ward
Cr Kirilee Warr	North East Ward
Cr Peter Humphrey	South West Ward
Cr Veronica Wood	South West Ward
Cr Ian Maluish	South West Ward

b. Staff

Officer	Position
Mr Maurice Battilana	Chief Executive Officer
Mr Simon Lancaster	Manager of Planning
Mrs Karen McKay	Executive Assistant (Minute Taker)

c. Visitors

Name	Name
Mrs Sue Collingwood	Mr Daniel Pendlebury
Ms Linda Saunders	Mrs Tina Pendlebury
Mr Tom Davies	Mrs Brooke Bennett
Mrs Tana Davies	

2.2 Apologies

Name	
Mr Maurice Webb	Mrs Dezi Webb

3.0 Confirmation of Minutes of previous Annual Electors Meeting held on Wednesday 6 February 2013.

MOVED: CR FARRELL

SECONDED: CR HUMPHREY

That the Minutes of the Annual General Meeting of Electors held on Wednesday 6 February 2013 be confirmed as a true and accurate record.

CARRIED

Voting 8/0

Minute Reference AEM 02/14 - 1

4.0 Receiving of Annual Report 2012/2013

Mr. Tom Davies questioned the financial viability of the Shire, given the Long Term Financial Plan has revealed the Shire is reliant on the continuation of the Roads to Recovery grant program to sustain the Shire road works program.

The replies from Elected Members & Staff acknowledged the Shire did have some financial challenges ahead it is thankful the Long Term Financial Plan has identified these. Council has always strived for operational efficiencies and will continue to do this with a clearer understanding of the long term financial forecast.

It was also clarified that in excess of 80% of local government authorities are in similar (or worse) positions.

The CEO referred to the Ratios listed in the Audit/Management Reports as a clear indication of the Shire's financial position and the recommendations associated with these Reports are there to assist Council.

MOVED: CR FORRESTER

SECONDED: MR DAVIES

That the 2012/2013 Annual Report including Annual Financial Statements, Audit Report, Presidents Report and Chief Executive Officer Report be received.

CARRIED

Voting 8/0

Minute Reference AEM 02/14 - 2

5.0 GENERAL BUSINESS

Brooke Bennett – Parkfalls Residents Association

An email was received from Mrs Brooke Bennett with a number of questions regarding Parkfalls Estate. Mr Battilana responded to Mrs Bennett's email prior to the Annual Electors meeting and further discussion was held during the meeting.

When will the roadworks at the David Road/Eliza Shaw end of the Estate be started?

Will be contracted out and we are currently receiving quotes from contractors to undertake this work.

I have heard the comment that it will not be started until East Bowes Rd is completed. When will this be?

Not true.

Is it really appropriate to have a safety hazard such as this corner putting lives at risk due to a lack of council resources?

The risk was assessed by our Engineers and no comment was made on this being a traffic hazard only that the alignment could be improved.

Should the council not have the resources should the work not be contracted out to someone who does?

As above

I make the point that should there be an accident there in the meantime; the council could be considered culpable in the sense that they have been made aware of a safety issue but have not taken steps to fix it. There have been many more incidents at this corner since my last letter to you requesting it be attended to and it is only a matter of time until someone gets hurt.

I suppose if it is a real concern to all residents we can place 30KM/H speed restriction signs here. However, I reiterate, the engineers have not listed this as a safety issue.

What being done about the shipping containers and people illegally squatting in their sheds etc. on the Estate? (There is a perception in the Estate that some people have been required to follow the rules and do the right thing, others are being allowed flout the rules and do whatever they want. The main grumble I suspect is this inequality and not the visual problems caused by this).

Council staff continues to try and enforce the Council Sea Container Policy. Though, as I am sure you will understand, enforcement is not always easy and is an expensive exercise. We will continue to work with those not complying.

When will the weed spraying program commence in the estate? Do we even have any actual program to keep on top of it or is it only done in response to complaints?

There is an ongoing weed spraying process yet no specific policy as there are no declared weeds in the Shire which require attention (legally). However, Council does focus on specific weeds and the Parkfalls verge areas have had as much attention (if not more) as other areas within the Shire.

Despite queries back in December, we are yet to be notified when the Weed Spraying will commence for Walkaway Burr etc. in the Estate. I have had many complaints from residents that the Burr is taking over and spreading onto their properties. The only answer I have had was 13/12/13 from Maurice which was a copy of an Email from Earl "Parkfalls. Plans are to spray this once more in the near future as soon as heat and wind permit" Anything more specific I can take back to the members?

Walkaway Burr is not a declared plant and therefore there is no obligation upon Council to control this plant. However, Council does allocate resources to this. We cannot do this in isolation and (as you will know) this particular plant is prevalent throughout the Estate on private land as well as Shire controlled land.

Finally:

Does the Council plan on dealing with the Association in a respectful manner and recognise that we pay rates and have a right to ask questions and make requests?

I suppose this works both ways Brooke. I cannot recall any disrespectful emails coming from my office or staff during my time here. Perhaps you can provide me with such evidence and I will follow-up on these.

Linda Saunders - 311 Eliza Shaw Drive, White Peak, 6532

Correspondence was received from Linda Saunders 4 February 2014 and Linda read this to the meeting with the following questions included:

Is the Council aware of the safety issues arising and the changing needs that have occurred in Parkfalls through its growth and changed development?

Council thanks Mrs Saunders for her question and the Shire will review this issue, which could include the Shire surveying all landowners within the Parkfalls Estate inviting comment upon the potential reduction of the speed limit in the area.

Is there an opportunity to modify the horse trails to include paths?

The Shire will review this issue, which could include consideration of gravelling of selected bridle paths.

Are Council ready to rectify poor safety planning and decision making from the past?

Council does not share the opinion that there has been poor safety planning and decision making from the past.

Will there be funding allocated in 2014 to complete the 2009 plan and road side verges?

The formulation of the draft budget for the 2014/2015 year will commence in the coming months, and it is intended that the road network in the Parkfalls Estate will be viewed as part of Council's annual road inspection that comprises the budget preparatory process. A final decision on which items will be funded in the 2014/2015 budget cannot understandably be provided at this time.

Will the Shire allocate human resources, time and funding to renegotiate a plan for 2014/15?

The question refers to the Shire of Chapman Valley 'Local Bicycle Plan 2011-2015' and it would be reasonable to expect that review of this document will take place in the 2014/2015 year.

What reason was there for the exclusion of our estate?

The 'Local Bicycle Plan 2011-2015' makes a number of recommendations, particularly where school children are crossing and in proximity to heavy vehicle alignments within residential townsites, it is reasonable that these items should be addressed as a matter of priority in the initial period. With the completion of these actions a review of the document can assess other potential safety issues.

Will the shire investigate the need for bike paths and submit a plan that includes our estates?

The previous questions have been concerned with the provision of paths in the Parkfalls Estate in providing a 'safe community'; this is not a level of service that is evident in other rural-residential communities within the region. It should be noted that the provision of services that exceed those normally associated with a rural residential community will require additional funding, and may require the introduction of a special area rate to enable such additional levels of service to be funded.

Tina Pendlebury - Parkfalls

Mrs Tina Pendlebury asked in an email is there a bike plan for the Parkfalls area?

At this stage there is no Bike/Footpath Plan for the Parkfalls area, nor were there any such requirements in the initial subdivision application and subsequent approval and development.

The Parkfalls Estate was developed along the equestrian theme with areas linked via Bridle Paths, not verge paths.

Finally, similar estates to Parkfalls (e.g. Eastlyn, Deepdale, and Waggrakine) do not have bike/footpaths as this was also the nature of these types of subdivisions.

6.0 CLOSURE

The Presiding Member thanked members, ratepayers, visitors and staff for attending and declared the electors meeting closed at 7.25pm

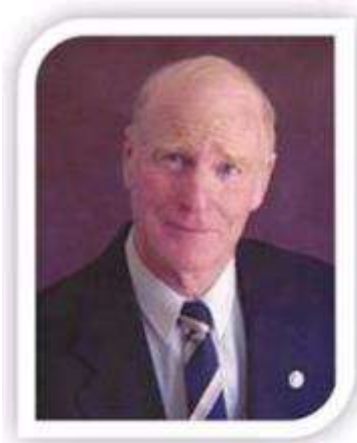
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Reports

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PRESIDENTS ANNUAL REPORT TO ELECTORS



Cr John Collingwood

INTRODUCTION

This report covers the 2013/2014 financial year. This year has seen continued growth and development within the Shire of Chapman Valley along with stability within the operations of the organisation.

Council is gradually moving from the compliant aspect of Integrated Planning and Reporting to reviewing the plans and fine-tuning these to truly reflect the requirements of service delivery and aspirations of the Shire's constituents. The review and improvement of the Plans will no doubt be an ongoing task of the Shire. However, I am pleased to report the Elected Members and Executive staff have strategic planning and direct a core aspect of our functions.

OAKAJEE INDUSTRIAL ESTATE & DEEP WATER PORT DEVELOPMENTS

The Oakajee Industrial Estate and Deep Water Port development, along with associated infrastructure (e.g. Oakajee – Narngulu Industrial Corridor) has slowed due to global economic circumstances and the significant drop in the spot-price of iron ore.

Though recent difficulties being experienced by the mining sector may well delay the establishment of Oakajee and associated infrastructure, I maintain the Oakajee project is integral to mineral resource development in the mid-west, which is no more evident than the continual demand and stress being placed upon the existing Geraldton Port facilities as mining ventures expand in this region.

COMMUNITY SERVICES

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

- Nanson Museum improvements and conservation works at the Old Roads Board Building;
- Menshed
- Yuna Community Centre

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.

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 those Councillors departing from and arriving on Council during the period pertaining to this report i.e.

Departures

- Peter Batten;
- Dave Bell; and
- Bev Davidson

Arrivals

- Cr Kirrilee Warr
- Veronica Wood
- Cr Ian Maluish

I wish to congratulate Cr Anthony Farrell for his election to the position of Deputy President and look forward to working closely with Anthony and all Councillors, for the continued betterment of the community for many years to come.

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 2013/2014 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 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

2013/2014



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 2013/2014 financial year.

The work ethic and dedication of staff at the Shire of Chapman Valley remains at the highest level and as previously reported I believe staff are the most valuable asset of the organisation. In my time back at the Shire of Chapman Valley I have noticed the Elected Members and Staff rapport remains at the highest level, which can only lead to an ongoing, harmonious working environment.

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 2013/2014:-

East Bowes Road
Dartmoor Road
Yuna Tenindewa Road
East Nabawa Road
Nabawa Yetna Road
Chapman Valley Road

Roadwork projects remain Council's most significant area of expenditure and allocation of Shire resources. In the 2013/2014 year Council spent a total of approximately \$1.7m on road construction and \$1.3m on road & bridge maintenance.

In addition to the major roadwork projects listed above the Shire continues to improve its transport network with the following road realignment and widening surveying actions completed in 2013/2014 e.g.

- Coronation Beach Road – the Shire in partnership with the landowner of Lot 171 has completed the creation of a road connection that will enable the commencement of a 50 bay caravan park north of the Coronation Beach Nature Based Camping Area.
- Durawah Road – the Shire has widened the road reserve to enable a turn-around area for the standpipe.
- Hotel Road – the Shire has widened the road reserve to reflect the on-ground alignment and roadside drainage.

- Lauder Street & Right of Way – the Shire has closed a section of ROW and a portion of Lauder Street road reserve to accommodate the existing and expanding requirements of the Nanson Museum grounds.
- Nabawa-Yetna Road – the Shire has realigned and sealed a bend Nabawa-Yetna Road under the Black Spot funding program.
- Nolba Road – the Shire has realigned the Nolba Road reserve intersection with Chapman Valley Road.
- Nolba-Rockwell Road – the Shire has extended the road reserve to accommodate the existing on-ground alignment.
- Continuing to progress further road surveying actions in relation to East Nabawa Road, East Chapman Road and Wicka Road.

PLANT & EQUIPMENT

In accordance with the ten year plant replacement programme Council has continued to update items of plant and equipment in the 2013/2014 financial year to achieve greater efficiencies and minimise maintenance costs. This has seen the acquisition of the following replacement major plant items:-

- 4.4 Broadacre Style Cab Fire Tanker – Nabawa Brigade
- Light Fire Tanker - Yuna Brigade
- Water Tanker Trailer
- Side Tipper Trailer

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 2013/2014 are as follows:

1 July 2013 – 30 June 2014		
Type	No. Approved	Value
Dwellings	20	\$5,888,354
Dwelling (Class 1a inside Class 10a)	3	\$78,300
Outbuildings	25	\$782,060
Other Residential (patios, pools, granny flats etc.)	26	\$478,715
Industrial/Commercial	0	\$0
TOTAL	74	\$7,227,429

The Shire has commenced a number of planning projects in 2013/2014 intended to meet the anticipated future needs of its growing population, these include 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 Design for the new 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.

NATURAL RESOURCE MANAGEMENT

The Shire of Chapman Valley has worked hard to improve the management and control of feral animals. The breakdown of the project work for the 2013/2014 financial year for the control of rabbits, foxes, pigs and wild dogs can be summarised as follows:

- 14 Yuna Farm Improvement Group members and 1 landholder in East Nabawa had 771 sachets mixed and laid the rabbit baiting trails in the Yuna area;
- 8 farmers in the Chapman Valley area were assisted to fill out their baiting applications that were aimed at fox, rabbit and pig control;
- 21 landholders undertook Pindone rabbit baiting in the Park Falls and Dolby Creek area of which 18 joined the DSG;
- 2 landholders undertook Pindone baiting in the Nanson area;
- 4 landholders laid over 1000 fox baits; &
- 104 people registered for the 'Red Card for Red Foxes' shooting events with a total of 786 feral animals being eradicated over the 6 nights;
- 3 contractors used 70 bait stations and trail baited throughout the Park Falls, Dolby Creek area and in the Drummond's Dunes.

The Shire has also been successful in gaining three grants with the State Natural Resource Management Office with contracts signed in February 2014 for the following projects:

- **Invasive species plan implementation in western third of Shire**
This project will remove 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 Ranges, Dolby Creek to the coast in the Shire of Chapman Valley. Invasive fauna management will also be a focus. Some sites will be revegetated and stabilised where erosion processes pose a long term issue.
Requested Grant funding from State NRM of \$47,000 + GST
- **Revegetating the Moresby Ranges Stage 4**
This proposal builds on previous work done in the Moresby Ranges and seeks further funding to fence creek lines from stock access, undertake weed control and then utilise a mixture of direct seeding and tube stock planting to reduce the vulnerability of the slopes to wind erosion and water erosion.
Requested Grant funding from State NRM of \$50,000 + GST
- **Protecting waterways and remnant vegetation in the Chapman River Catchment Area**
This project proposal aims to improve the overall health of the Chapman River by improving land management practices in its catchment and the catchments of its tributaries. Activities will include: 8km fencing, 20 ha revegetation and documenting Aboriginal language.
Requested Grant funding from State NRM of \$50,000 + GST

These projects are in full swing with fencing, planting, weed control and other various activities underway. As the grants were awarded after the ordering window for plants (November to December)

further revegetation works will be completed in the first quarter of 2015. These projects are expected to be completed in June 2015.

REGIONAL COOPERATION

Shire staff continued to provide a regular town planning service to the Shire of Coorow during the 2013/2014 year and an as-required service to other local governments including the Shire of Upper Gascoyne and Shire of Carnamah.

Council uses the services of the Environmental Health Officer from the Shire of Northampton as required. The Shire also outsourced some of the fortnightly payroll functions to the City of Greater Geraldton on a trial basis, which appears to be working well.

Council has been working with the City of Greater Geraldton and the Shires of Northampton and Irwin to establish a regional waste management contract services to constituents across all four local government areas. It is anticipated this will be finalised in 2014/2015 and hopefully fully operational in 2015/2016

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

The Shire Chief Executive Officer is part of the Midwest CEO Reference Group, which is chartered to investigate all possible resource sharing opportunities across all participating midwest local government authorities.

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.

At the 30th June 2014 the Shire had completed and adopted the following Integrated Plans:

- Corporate Business Plan; and
- Strategic Community Plan

The following Plans have also been completed and adopted by Council to support the Corporate Business & Strategic Community Plan i.e.

- Asset Management Plan;
- Long Term Financial Plan; and
- Workforce Plan.

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

INTEGRATED STRATEGIC PLANNING – PROGRESS REPORT

ECONOMIC – Business Development and Attraction			
Objective	Strategy	Outcome	Progress to Date
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 has been 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.
LEADERSHIP – Engagement & Communication			
Objective	Strategy	Outcome	Progress to Date
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

COMMUNITY – Maintaining & Growing the Population			
Objective	Strategy	Outcome	Progress to Date
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	Significant discussions & negotiations occurred during 13/14 with Commonwealth & State Governments.
	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 progressing with Landcorp for the extension of the Green Drive, Nabawa subdivision.

ENVIRONMENT – Protection & Sustainability			
Objective	Strategy	Outcome	Progress to Date
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.

Major Initiatives to commence or continue in the next financial year.			
	Listed in CBP		Listed in CBP
	2014-2017		2015-2018
East Bowes Road			√
Dartmoor Road	√		√
Yuna Tenindewa Road	√		√
Bill Hemsley Park	√		√
Yuna Community Centre			√
Nanson Museum Extension			√
Any modification that was made to the Strategic Community Plan during the financial year			
Nil.			
Any significant modification made to the Corporate Business Plan during the financial year			
	CBP 13/14	Budget	Actual
	\$000		
Plant			
Water Tipper	110	√	√
Side Tipper	90	√	√
Works Supervisors Ute	38	√	postponed
Total Plant	238		

Buildings			
Parkfalls Open Space	273		postponed
Skatepark	65	removed	
Lot 27 Yuna House	13	removed	
Nabawa Entry Statement	15	removed	
Air-Conditioner Rec Centre	18	removed	
Various minor capital	15		
	399		
Total Property, Plant and Equipment as per CBP	637		
Infrastructure			
Valentine Road gravel sheeting	99		postponed
Nolba Road gravel sheeting	134		postponed
Dartmoor Road gravel sheeting	249	√	√
Yuna Tenindewa Road widening	327	√	√
Minor projects	21		
East Bowes Road		√	√
East Nabawa Road		√	√
Total Infrastructure as per CBP	830		
Rate Increase	6.50%	7%	7%

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.

Range – In Increments of \$10,000	Number of employees within each Range
140,000 to 150,000	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 2012 and adopted its new plan in August 2012 for the period 2012 to 2016

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:

	Number of strategies planned of 2013/2014 (Strategies planned whether implemented or not).	Number of strategies completed in 2013/2014 (Strategies that were completed. Include on-going strategies).	Number of strategies progressed through contractors in 2013/2014 (Strategies implemented by contractors. Not the number of contractors).
Outcome 1	0	0	0
Outcome 2	2	0	0
Outcome 3	0	0	0
Outcome 4	0	0	0
Outcome 5	0	0	
Outcome 6	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 2013/2014.

Disabled parking bays at the Chapman Valley Agricultural Show Grounds to enable easier access to the annual Chapman Valley Show was improved further. Bays are close by with level parking area. Disabled toilets are also available at the Chapman Valley Show.

Ramps installed at the Yuna Library 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 2013/2014.

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:

Number of complaints recorded in the register	How complaints were dealt with	Other details that the regulations require
4	All dealt with and resolved internally	Nil

CONCLUSION

The Shire of Chapman Valley continues to experience positive population growth and continue to maintain a high level of services to its constituents irrespective of declining grant funding and resources being provided to them by the other two spheres of government.

Local Government is a service delivery industry, as are the Commonwealth and State governments, yet we continue to experience cost-shifting from both these spheres of government to local government, without the necessary funding and resources provided to accompany these additional responsibilities. This results in local government authorities needing to resource these additional responsibilities from our rate base, which is simply an indirect tax being imposed on our constituents by the Commonwealth and State governments.

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



Maurice Battilana
CHIEF EXECUTIVE OFFICER

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AUDITED FINANCIAL REPORT

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SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business: Chapman Valley Road, Nabawa	

**SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Chapman Valley being the annual financial report, supporting notes and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Chapman Valley at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 1st day of December 2014



Maurice Battilana
Chief Executive Officer

SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	2,110,332	2,066,902	1,892,828
Operating Grants, Subsidies and Contributions	28	884,167	1,460,748	1,741,666
Fees and Charges	27	380,649	449,483	344,573
Interest Earnings	2(a)	85,780	66,140	80,397
Other Revenue		3,384	1,000	1,959,060
		<u>3,464,312</u>	<u>4,044,273</u>	<u>6,018,524</u>
Expenses				
Employee Costs		(1,253,556)	(1,331,168)	(1,595,421)
Materials and Contracts		(1,071,022)	(2,419,984)	(1,910,466)
Utility Charges		(67,858)	(61,905)	(63,069)
Depreciation on Non-Current Assets	2(a)	(1,054,926)	(1,061,505)	(1,157,518)
Interest Expenses	2(a)	(18,032)	(22,740)	(25,584)
Insurance Expenses		(185,502)	(188,984)	(172,167)
Other Expenditure		(92,974)	(5,000)	(878,126)
		<u>(3,743,870)</u>	<u>(5,091,286)</u>	<u>(5,802,351)</u>
		(279,558)	(1,047,013)	216,173
Non-Operating Grants, Subsidies and Contributions	28	1,476,306	2,226,039	2,204,838
Profit on Asset Disposals	20	382,803	347,703	4,759
Loss on Asset Disposals	20	<u>(61,320)</u>	<u>(40,015)</u>	<u>(46,337)</u>
NET RESULT		1,518,231	1,486,714	2,379,433
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	7,535,062	0	0
Total Other Comprehensive Income		7,535,062	0	0
Total Comprehensive Income		<u>9,053,293</u>	<u>1,486,714</u>	<u>2,379,433</u>

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

SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		36,902	22,299	55,990
General Purpose Funding		2,600,415	2,537,463	2,729,894
Law, Order, Public Safety		59,083	45,435	30,736
Health		7,177	4,820	5,862
Education and Welfare		7,149	7,100	6,948
Housing		33,848	39,697	24,565
Community Amenities		381,625	1,053,728	704,626
Recreation and Culture		82,711	82,280	2,045,514
Transport		140,196	160,840	196,556
Economic Services		30,940	21,650	21,694
Other Property and Services		84,266	68,961	196,139
	2(a)	3,464,312	4,044,273	6,018,524
Expenses				
Governance		(370,878)	(401,823)	(443,127)
General Purpose Funding		(200,526)	(233,785)	(221,557)
Law, Order, Public Safety		(179,846)	(122,554)	(133,483)
Health		(23,860)	(25,664)	(21,904)
Education and Welfare		(697)	(1,276)	(2,127)
Housing		(54,920)	(32,245)	(13,152)
Community Amenities		(678,311)	(1,695,775)	(1,189,016)
Recreation & Culture		(373,693)	(448,310)	(397,665)
Transport		(1,617,455)	(1,862,294)	(3,087,773)
Economic Services		(182,354)	(201,783)	(191,286)
Other Property and Services		(43,298)	(43,037)	(75,677)
	2(a)	(3,725,838)	(5,068,546)	(5,776,767)
Financial Costs				
Governance		0	0	(397)
General Purpose Funding		0	(2,000)	0
Community Amenities		(2,204)	(2,305)	(3,401)
Recreation & Culture		(3,574)	(4,512)	(3,958)
Transport		(12,254)	(13,923)	(17,828)
	2(a)	(18,032)	(22,740)	(25,584)
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		440,864	416,860	107,357
Education and Welfare		0	16,000	0
Community Amenities		0	90,364	0
Recreation & Culture		40,089	57,739	0
Transport		995,353	1,645,076	2,008,617
Economic Services		0	0	88,864
		1,476,306	2,226,039	2,204,838
Profit/(Loss) on Disposal of Assets				
Governance		0	0	(3,095)
Law, Order, Public Safety		(43,897)	0	(31,723)
Housing		375,987	347,703	0
Community Amenities		3,343	0	1,773
Transport		(13,950)	(40,015)	(8,533)
		321,483	307,688	(41,578)
Net Result		1,518,231	1,486,714	2,379,433
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	7,535,062	0	0
Total Other Comprehensive Income		7,535,062	0	0
Total Comprehensive Income		9,053,293	1,486,714	2,379,433

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

SHIRE OF CHAPMAN VALLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,738,461	2,347,108
Trade and Other Receivables	4	384,073	292,668
Inventories	5	3,653	10,600
TOTAL CURRENT ASSETS		<u>3,126,187</u>	<u>2,650,376</u>
NON-CURRENT ASSETS			
Other Receivables	4	5,882	4,388
Inventories	5	49,480	49,480
Property, Plant and Equipment	6	13,526,911	6,351,525
Infrastructure	7	74,791,305	73,289,849
TOTAL NON-CURRENT ASSETS		<u>88,373,578</u>	<u>79,695,242</u>
TOTAL ASSETS		<u>91,499,765</u>	<u>82,345,618</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	489,437	418,309
Current Portion of Long Term Borrowings	9	151,607	186,585
Provisions	10	343,551	256,491
TOTAL CURRENT LIABILITIES		<u>984,595</u>	<u>861,385</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	195,235	195,343
Provisions	10	25,756	48,004
TOTAL NON-CURRENT LIABILITIES		<u>220,991</u>	<u>243,347</u>
TOTAL LIABILITIES		<u>1,205,586</u>	<u>1,104,732</u>
		<u>90,294,179</u>	<u>81,240,886</u>
EQUITY			
Retained Surplus		24,251,226	23,237,692
Reserves - Cash Backed	11	1,651,745	1,147,048
Revaluation Surplus	12	64,391,208	56,856,146
TOTAL EQUITY		<u>90,294,179</u>	<u>81,240,886</u>

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

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		20,757,421	1,247,886	56,856,146	78,861,453
Comprehensive Income					
Net Result		2,379,433	0	0	2,379,433
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		2,379,433	0	0	2,379,433
Transfers from/(to) Reserves		100,838	(100,838)	0	0
Balance as at 30 June 2013		23,237,692	1,147,048	56,856,146	81,240,886
Comprehensive Income					
Net Result		1,518,231	0	0	1,518,231
Changes on Revaluation of Non-Current Assets	12	0	0	7,535,062	7,535,062
Total Comprehensive Income		1,518,231	0	7,535,062	9,053,293
Transfers from/(to) Reserves		(504,697)	504,697	0	0
Balance as at 30 June 2014		24,251,226	1,651,745	64,391,208	90,294,179

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

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,092,103	2,066,902	1,860,093
Operating Grants, Subsidies and Contributions		786,764	1,479,989	1,804,408
Fees and Charges		387,349	449,483	344,573
Interest Earnings		85,780	66,140	80,397
Goods and Services Tax		267,055	210,000	232,454
Other Revenue		3,384	1,000	7,210
		<u>3,622,435</u>	<u>4,273,514</u>	<u>4,329,135</u>
Payments				
Employee Costs		(1,178,980)	(1,331,168)	(1,494,697)
Materials and Contracts		(976,273)	(2,486,329)	(1,824,582)
Utility Charges		(71,050)	(61,905)	(63,069)
Interest Expenses		(20,749)	(188,984)	(172,167)
Insurance Expenses		(185,502)	(22,740)	(27,811)
Goods and Services Tax		(249,103)	(210,000)	(285,098)
Other Expenditure		(115,422)	(5,000)	(47,575)
		<u>(2,797,079)</u>	<u>(4,306,126)</u>	<u>(3,914,999)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>825,356</u>	<u>(32,612)</u>	<u>414,136</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(754,969)	(828,889)	(439,307)
Payments for Construction of Infrastructure		(1,721,800)	(2,948,988)	(1,390,832)
Non-Operating Grants, Subsidies and Contributions		1,476,306	2,226,039	2,204,838
Proceeds from Sale of Fixed Assets		601,546	545,000	56,013
Net Cash Provided by (Used in) Investment Activities		<u>(398,917)</u>	<u>(1,006,838)</u>	<u>430,712</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(186,586)	(186,585)	(168,367)
Proceeds from New Debentures		151,500	160,000	0
Net Cash Provided By (Used In) Financing Activities		<u>(35,086)</u>	<u>(26,585)</u>	<u>(168,367)</u>
Net Increase (Decrease) in Cash Held		391,353	(1,066,035)	676,481
Cash at Beginning of Year		2,347,108	2,348,703	1,670,627
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,738,461</u></u>	<u><u>1,282,668</u></u>	<u><u>2,347,108</u></u>

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

**SHIRE OF CHAPMAN VALLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		36,902	22,300	55,990
General Purpose Funding		490,085	470,561	837,066
Law, Order, Public Safety		499,947	462,295	138,093
Health		7,177	4,820	5,862
Education and Welfare		7,149	23,100	6,948
Housing		409,835	387,400	24,565
Community Amenities		384,968	1,144,092	706,399
Recreation and Culture		122,800	140,019	2,045,514
Transport		1,139,022	1,805,916	2,208,159
Economic Services		30,940	21,650	110,558
Other Property and Services		84,264	68,961	196,139
		<u>3,213,089</u>	<u>4,551,114</u>	<u>6,335,293</u>
Expenses				
Governance		(370,878)	(402,823)	(446,619)
General Purpose Funding		(200,526)	(233,785)	(221,557)
Law, Order, Public Safety		(223,743)	(122,554)	(165,206)
Health		(23,860)	(25,664)	(21,904)
Education and Welfare		(697)	(1,276)	(2,127)
Housing		(54,920)	(32,245)	(13,152)
Community Amenities		(680,515)	(1,698,080)	(1,192,417)
Recreation and Culture		(377,267)	(452,823)	(401,623)
Transport		(1,647,132)	(1,916,232)	(3,117,120)
Economic Services		(182,354)	(201,783)	(191,286)
Other Property and Services		(43,298)	(43,037)	(75,677)
		<u>(3,805,190)</u>	<u>(5,130,302)</u>	<u>(5,848,688)</u>
Net Result Excluding Rates		(592,101)	(579,188)	486,605
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	(1,951,850)
Revaluation losses recognised through Expenditure		0	0	830,541
(Profit)/Loss on Asset Disposals	20	(321,483)	(307,688)	41,578
Movement in Deferred Pensioner Rates (Non-Current)		(1,494)	0	(2,025)
Movement in Employee Benefit Provisions (Non-current)		64,812	0	96,315
Depreciation and Amortisation on Assets	2(a)	1,054,926	1,061,505	1,157,518
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(72,574)	(173,529)	(63,773)
Purchase Furniture and Equipment	6(a)	(8,720)		(4,245)
Purchase Plant and Equipment	6(a)	(673,675)	(655,360)	(367,542)
Purchase Tools and Equipment	6(a)	0	0	(3,747)
Purchase Roads	7(a)	(1,721,800)	(2,948,988)	(1,390,832)
Proceeds from Disposal of Fixed Assets	20	601,546	545,000	56,013
Repayment of Debentures	21(a)	(186,586)	(186,585)	(168,367)
Proceeds from New Debentures	21(a)	151,500	160,000	0
Transfers to Reserves (Restricted Assets)	11	(591,323)	(39,140)	(90,285)
Transfers from Reserves (Restricted Assets)	11	86,626	192,560	191,120
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,085,018	909,552	375,166
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	985,004	45,041	1,085,018
Total Amount Raised from General Rate	22(a)	<u><u>(2,110,332)</u></u>	<u><u>(2,066,902)</u></u>	<u><u>(1,892,828)</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

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

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

Land Under Control

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 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.

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

Capitalisation Threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest 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 Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

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

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	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 Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	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 Council (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]			

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
Transport	0	830,541
The significant expense relates to the reduction in the fair value of the Shire's plant and equipment		
Auditors Remuneration		
- Audit of the annual financial report	25,794	16,000
- Audit of Grant Funded Projects	0	4,250
- Assistance with other matters	900	1,200
Depreciation		
Non-Specialised Buildings	45,928	46,808
Specialised Buildings	2,992	2,992
Furniture and Equipment	22,599	56,480
Plant and Equipment	247,794	333,872
Tools and Equipment	2,082	11,644
Roads	728,955	701,146
Parks & Ovals	4,576	4,576
	<u>1,054,926</u>	<u>1,157,518</u>
Interest Expenses (Finance Costs)		
Debentures (refer Note 21.(a))	18,032	25,584
	<u>18,032</u>	<u>25,584</u>
(ii) Crediting as Revenue:		
Significant Revenue		
Recreation and Culture	0	1,951,850
	<u>0</u>	<u>1,951,850</u>
This significant revenue relates to the initial recognition of golf courses and showgrounds on Crown land under the Shire's control in accordance with amendments to the Financial Management Regulations. They have been classified as Other Revenue by Nature or Type.		
Other Revenue		
Significant Revenue (Refer Above)	0	1,951,850
Other	3,384	7,210
	<u>3,384</u>	<u>1,959,060</u>
	2014	2014
	Actual	Budget
	\$	\$
Interest Earnings		2013
- Reserve Funds	28,789	49,248
- Other Funds	41,354	15,598
Other Interest Revenue (refer note 26)	15,637	15,551
	<u>85,780</u>	<u>80,397</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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.

Council 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.

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 elderly residents 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.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

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

Activities:

Administration, provision and operation of public halls, community centre, sporting complex, ovals, swimming areas and beaches. Includes contributions towards operations, subsidies and improvements of sporting clubs, sporting facilities and recreational areas. Administration, 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.

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 council'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.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/12 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance ⁽¹⁾ 30/06/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance 30/06/14 \$
Moresby Invasive Species Mgt & Restoration Moresby stage 3	Community Amenities	0	50,000	(41,819)	8,181	0	(8,181)	0
Moresby Invasive Species Mgt & Restoration Moresby stage 2	Community Amenities	0	3,918	0	3,918	0	(3,918)	0
Coronation Beach Evacuation and Emergency Plan		0	0		0	13,278	(2,696)	10,582
Waste Management Regional Investment Plan		0	0		0	22,490	(10,398)	12,092
Declared Species Group		0	0		0	20,000	(12,552)	7,448
Buller Development Zone Structure Plan		0	0		0	41,696	0	41,696
Nabawa Townsite Revitalisation Plan		0	0		0	40,000	(9,221)	30,779
East Bowes Road R4R		0	0		0	367,365	0	367,365
Moresby Stage 4		0	0		0	25,000	0	25,000
Invasive species plan		0	0		0	25,000	0	25,000
Upper Chapman Stage 4		0	0		0	25,000	(2,500)	22,500
Total		0	53,918	(41,819)	12,099	579,829	(49,466)	542,462

Notes:

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

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

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

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

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,086,716	1,187,961
Restricted		1,651,745	1,159,147
		<u>2,738,461</u>	<u>2,347,108</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	41,295	52,646
Water Strategy Reserve	11	13,535	13,204
Computer and Office Reserve	11	8,197	12,646
Legal Reserve	11	27,808	27,126
Unspent Grants and Loans Reserve	11	542,462	608
Land Development Reserve	11	117,644	114,706
Roadworks Reserve	11	110,195	107,496
Landcare Reserve	11	83,085	80,958
Building Reserve	11	587,133	635,838
Plant Reserve	11	120,391	101,820
Unspent Grants	2(c)	0	12,099
		<u>1,651,745</u>	<u>1,159,147</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		110,084	93,350
Sundry Debtors		190,269	99,565
GST Receivable		81,801	99,753
Prepaid Expenditure		1,920	0
		<u>384,073</u>	<u>292,668</u>
Non-Current			
Rates Outstanding - Pensioners		5,882	4,388
		<u>5,882</u>	<u>4,388</u>
5. INVENTORIES			
Current			
Fuel and Materials		3,653	10,600
		<u>3,653</u>	<u>10,600</u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		19,433	19,433
Development Costs		30,047	30,047
		<u>49,480</u>	<u>49,480</u>

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

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Cost	<u>2,924,000</u>	<u>55,897</u>
	2,924,000	55,897
Land Vested In and Under the Control of Council at:		
- Cost	<u>1,283,381</u>	<u>1,951,850</u>
	1,283,381	1,951,850
Total Land	<u>4,207,381</u>	<u>2,007,747</u>
Non-Specialised Buildings at:		
- Independent Valuation 2014	265,000	0
- Cost	0	175,150
Less: Accumulated Depreciation	<u>0</u>	<u>(19,705)</u>
	265,000	155,445
Specialised Buildings at:		
- Independent Valuation 2014	6,480,101	0
- Cost	0	2,384,577
Less: Accumulated Depreciation	<u>0</u>	<u>(499,313)</u>
	6,480,101	1,885,264
Total Buildings	<u>6,745,101</u>	<u>2,040,709</u>
Total Land and Buildings	<u>10,952,482</u>	<u>4,048,456</u>
Furniture and Equipment at:		
- Management Valuation 2013	176,166	167,445
Less Accumulated Depreciation	<u>(22,600)</u>	<u>0</u>
	153,566	167,445
Plant and Equipment at:		
- Management Valuation 2013	283,657	283,657
- Independent Valuation 2013	1,686,732	1,841,573
- Additions after Valuation - Cost	673,675	0
Less Accumulated Depreciation	<u>(231,513)</u>	<u>0</u>
	2,412,551	2,125,230
Tools and Equipment at:		
- Management Valuation 2013	10,394	10,394
Less Accumulated Depreciation	<u>(2,082)</u>	<u>0</u>
	8,312	10,394
	<u>13,526,911</u>	<u>6,351,525</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

These 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.

The revaluation of these assets resulted in an overall increase of \$7,535,062 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as Changes on Revaluation of Non-current Assets in the Statement of Comprehensive Income.

With regard to land vested in and under control of Council, these assets were originally recognised as at 30 June 2013 at deemed cost where cost was effectively the fair value at the date of recognition.

As land vested in and under control of Council is Crown Land restricted as to usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage.

These include both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is deemed to have been valued using Level 3 inputs.

These 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.

Due to the mandatory fair value measurement framework as detailed in Note 1(f), Land Vested in and under the control of Council required a fair value assessment to occur in the current year.

This was performed by independent valuers at 30 June 2014. A similar basis was used in the prior year, however, lower unit costs for groundworks was used by the independent valuers resulting in a lower valuation.

The revaluation of land vested in and under the control of Council resulted in a decrease in value of \$668,469.

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Furniture and Equipment

Plant and Equipment:

Both furniture and equipment and plant and equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulations 17A.

Whilst the additions since that time are shown at 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. Thus, the value is considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

		Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Reclassification \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	(Level 2)	55,897	0	0	2,868,103	0	0	2,924,000
Land Vested In and Under the Control of Council	(Level 3)	1,951,850	0	0	(668,469)	0	0	1,283,381
Total Land		2,007,747	0	0	2,199,634	0	0	4,207,381
Non-Specialised Buildings	(Level 2)	155,445	0	0	112,547		(2,992)	265,000
Specialised Buildings	(Level 3)	1,885,264	72,574	(141,503)	5,222,881	(513,187)	(45,928)	6,480,101
Total Buildings		2,040,709	72,574	(141,503)	5,335,428	(513,187)	(48,920)	6,745,101
Total Land and Buildings		4,048,456	72,574	(141,503)	7,535,062	(513,187)	(48,920)	10,952,482
Furniture and Equipment	(Level 3)	167,445	8,720	0	0	0	(22,599)	153,566
Plant and Equipment	(Level 2)	1,841,573	673,675	(138,560)	0	0	(171,709)	2,204,979
Plant and Equipment	(Level 3)	283,657	0	0	0	0	(76,085)	207,572
Tools and Equipment	(Level 3)	10,394	0	0	0	0	(2,082)	8,312
Total Property, Plant and Equipment		6,351,525	754,969	(280,063)	7,535,062	(513,187)	(321,395)	13,526,911

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

	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Management Valuation 2007	82,829,687	82,829,687
- Additions after Valuation - Cost	9,628,179	7,906,379
Less Accumulated Depreciation	<u>(18,276,151)</u>	<u>(17,547,196)</u>
	74,181,715	73,188,870
 Parks & Ovals		
- Cost	441,365	116,974
Less Accumulated Depreciation	<u>(178,970)</u>	<u>(15,995)</u>
	262,395	100,979
 Other Infrastructure		
- Cost	427,035	0
Less Accumulated Depreciation	<u>(79,840)</u>	<u>0</u>
	347,195	0
	<u><u>74,791,305</u></u>	<u><u>73,289,849</u></u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Reclassification \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	73,188,870	1,721,800	0	0	0	(728,955)	74,181,715
Parks & Ovals	100,979	0	0	0	165,992	(4,576)	262,395
Other Infrastructure	0	0	0	0	347,195	0	347,195
Total	73,289,849	1,721,800	0	0	513,187	(733,531)	74,791,305

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

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	266,222	310,705
Accrued Interest on Debentures	4,056	6,773
Accrued Salaries and Wages	53,647	66,744
ATO Liabilities	56,949	34,087
Accrued Expenditure	108,563	0
	<u>489,437</u>	<u>418,309</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	151,607	186,585
	<u>151,607</u>	<u>186,585</u>
Non-Current		
Secured by Floating Charge Debentures	195,235	195,343
	<u>195,235</u>	<u>195,343</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	343,551	256,491
Non-Current	25,756	48,004
	<u>369,307</u>	<u>304,495</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	126,377	178,118	304,495
Additional provision	131,323	48,728	180,051
Amounts used	(93,193)	0	(93,193)
Used amount reserved	0	(22,046)	(22,046)
Balance at 30 June 2014	<u>164,507</u>	<u>204,800</u>	<u>369,307</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	52,646	52,646	57,733
Amount Set Aside / Transfer to Reserve	1,108	1,800	1,840
Amount Used / Transfer from Reserve	(12,459)	0	(6,927)
	<u>41,295</u>	<u>54,446</u>	<u>52,646</u>
(b) Water Strategy Reserve			
Opening Balance	13,204	13,204	12,796
Amount Set Aside / Transfer to Reserve	331	400	408
Amount Used / Transfer from Reserve	0	0	0
	<u>13,535</u>	<u>13,604</u>	<u>13,204</u>
(c) Computer and Office Reserve			
Opening Balance	12,646	12,646	16,370
Amount Set Aside / Transfer to Reserve	5,044	500	521
Amount Used / Transfer from Reserve	(9,493)	0	(4,245)
	<u>8,197</u>	<u>13,146</u>	<u>12,646</u>
(d) Legal Reserve			
Opening Balance	27,126	27,126	26,288
Amount Set Aside / Transfer to Reserve	682	840	838
Amount Used / Transfer from Reserve	0	0	0
	<u>27,808</u>	<u>27,966</u>	<u>27,126</u>
(e) Unspent Grants and Loans Reserve			
Opening Balance	608	608	180
Amount Set Aside / Transfer to Reserve	541,854	0	428
Amount Used / Transfer from Reserve	0	0	0
	<u>542,462</u>	<u>608</u>	<u>608</u>
(f) Land Development Reserve			
Opening Balance	114,706	127,175	146,942
Amount Set Aside / Transfer to Reserve	2,938	4,500	4,682
Amount Used / Transfer from Reserve	0	0	(36,918)
	<u>117,644</u>	<u>131,675</u>	<u>114,706</u>
(g) Roadworks Reserve			
Opening Balance	107,496	107,496	157,810
Amount Set Aside / Transfer to Reserve	2,699	5,000	5,024
Amount Used / Transfer from Reserve	0	(100,000)	(55,338)
	<u>110,195</u>	<u>12,496</u>	<u>107,496</u>
(h) Landcare Reserve			
Opening Balance	80,958	80,958	34,269
Amount Set Aside / Transfer to Reserve	2,127	1,100	51,189
Amount Used / Transfer from Reserve	0	(50,060)	(4,500)
	<u>83,085</u>	<u>31,998</u>	<u>80,958</u>
(i) Building Reserve			
Opening Balance	635,838	635,838	631,939
Amount Set Aside / Transfer to Reserve	15,969	20,000	20,149
Amount Used / Transfer from Reserve	(64,674)	(32,500)	(16,250)
	<u>587,133</u>	<u>623,338</u>	<u>635,838</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED continued			
(j) Plant Reserve			
Opening Balance	101,820	101,820	163,558
Amount Set Aside / Transfer to Reserve	18,571	5,000	5,205
Amount Used / Transfer from Reserve	<u>0</u>	<u>(10,000)</u>	<u>(66,943)</u>
	<u>120,391</u>	<u>96,820</u>	<u>101,820</u>
 TOTAL RESERVES	 <u>1,651,745</u>	 <u>1,006,097</u>	 <u>1,147,048</u>
 Total Opening Balance	 1,147,048	 1,159,517	 1,247,885
Total Amount Set Aside / Transfer to Reserve	591,323	39,140	90,284
Total Amount Used / Transfer from Reserve	<u>(86,626)</u>	<u>(192,560)</u>	<u>(191,121)</u>
TOTAL RESERVES	<u>1,651,745</u>	<u>1,006,097</u>	<u>1,147,048</u>

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

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

11. RESERVES - CASH BACKED (continued)

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

- (a) Leave Reserve**
 - To be used to fund annual and long service leave requirements.
- (b) Water Strategy Reserve**
 - To be used for the construction and operational costs of facilities for 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) Plant 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 the reserve accounts are expected as funds are utilised.

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

12. REVALUATION SURPLUS

2014
\$

2013
\$

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Land & Buildings

Opening Balance	0	0
Revaluation Increment	7,535,062	0
Revaluation Decrement	0	0
	<u>7,535,062</u>	<u>0</u>

(b) Roads

Opening Balance	56,856,146	56,856,146
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>56,856,146</u>	<u>56,856,146</u>

TOTAL ASSET REVALUATION SURPLUS	<u><u>64,391,208</u></u>	<u><u>56,856,146</u></u>
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SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>2,738,461</u>	<u>1,282,668</u>	<u>2,347,108</u>

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

Net Result	1,518,231	1,486,714	2,379,433
Depreciation	1,054,926	1,061,505	1,157,518
(Profit)/Loss on Sale of Asset	(321,483)	(307,688)	41,578
(Increase)/Decrease in Receivables	(92,899)	19,241	(20,325)
(Increase)/Decrease in Inventories	6,947	(566)	(6,166)
Increase/(Decrease) in Payables	71,128	(66,779)	130,420
Increase/(Decrease) in Accrued Expenditure	0	0	(38,490)
Increase/(Decrease) in Employee Provisions	64,812	0	96,315
Grants Contributions for the Development of Assets	(1,476,306)	(2,226,039)	(2,204,838)
Revaluation Losses Recognised through expenditure	0		830,541
Non-Current Assets recognised due to changes in legislative requirements	0	0	(1,951,850)
Net Cash from Operating Activities	<u>825,356</u>	<u>(33,612)</u>	<u>414,136</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	250,000	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	(213)	(76)
Total Amount of Credit Unused	<u>259,787</u>	<u>9,924</u>
Loan Facilities		
Loan Facilities - Current	151,607	186,585
Loan Facilities - Non-Current	195,235	195,343
Total Facilities in Use at Balance Date	<u>346,842</u>	<u>381,928</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

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

14. CONTINGENT LIABILITIES

There are no known contingent liabilities in respect of the year ended 30 June 2014.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Council has no operating lease commitments as at 30 June 2014.

(b) Finance Lease Commitments

The Council has no finance lease commitments as at 30 June 2014.

(c) Capital Expenditure Commitments

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

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

16. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shire of Northampton have a joint venture arrangement with regard to the ownership of a speed display trailer.

The Shire together with the Shire of Northampton have a joint venture arrangement with regard to the provision of an Environmental Health Officer.

The Shire together with the Shire of Coorow have a joint venture arrangement with regard to the provision of Town Planning Services .

	2014	2013
	\$	\$
Plant & Equipment	0	8,168
Less: Accumulated Depreciation	0	(8,168)
	<u>0</u>	<u>0</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	1,071,639	593,990
Law, Order, Public Safety	595,252	237,816
Housing	502,968	182,395
Community Amenities	131,637	156,954
Recreation and Culture	7,999,029	2,959,603
Transport	73,666,344	72,525,759
Economic Services	119,956	119,956
Other Property and Services	3,829,524	2,463,032
Unallocated	3,583,416	3,106,113
	<u>91,499,765</u>	<u>82,345,618</u>

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

	2014	2013	2012
18. FINANCIAL RATIOS			
Current Ratio	1.563	1.844	1.160
Asset Sustainability Ratio	2.146	1.467	2.801
Debt Service Cover Ratio	5.449	7.000	5.744
Operating Surplus Ratio	0.013	0.069	0.111
Own Source Revenue Coverage Ratio	0.819	0.434	0.470

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 63 of this document.

Three of the 2013 ratios disclosed above are distorted by items of significant revenue and expenses

- The initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations amounting to \$1,951,850. (refer to Notes 1(g), 1(h) and 2(a)(ii) for further details). This forms part of operating revenue.

- The significant expense relating to the reduction in the fair value of the Shire's plant and equipment of amounting to \$830,541. (refer note 1(g) and 2(a)(i) for further details). This forms part of operating expenses.

These items form part of operating revenue and expenditure and have been included in the calculations above.

These items of significant revenue and expenditure are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	1.219
Operating Surplus Ratio	(0.373)
Own Source Revenue Coverage Ratio	0.506

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

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Council Housing Bonds	1,920	0	(1,920)	0
Bonds Hall Hire	0	2,000	(2,000)	0
Building Commission	0	9,440	(9,354)	86
CTF	0	17,213	(17,113)	100
Social Club	901	0	(811)	90
Contributions - Subdivisions	193,497	568,208	(25,280)	736,425
Post Box Deposits	760	180	0	940
Engineering Bonds	10,000	0	0	10,000
Unclaimed Monies	930	0	(930)	0
Standpipe Card	100	0	0	100
Wokarena Heights Development	6,138	0	(86,947)	(80,809)
Nomination Deposits	0	480	(480)	0
Refundable Deposits Sundry	0	100	(100)	0
	<u>214,246</u>			<u>666,932</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Community Amenities						
NRMO's 4x4 Dual Cab	12,670	0	16,013	0	3,343	0
Transport						
Side Tipper	42,423	36,329	25,000	25,000	(17,423)	(11,329)
Water Tanker	12,727	42,928	15,000	15,000	2,273	(27,928)
Works Supervisors Dual Cab	0	25,758	0	25,000	0	(758)
Traffic Counter	0	0	600	0	600	0
Traffic Counter	0	0	600	0	600	0
Isuzu Fire Tender	46,665	0	16,843	0	(29,822)	0
Landcruiser Firetender	24,075	0	10,000	0	(14,075)	0
Land and Buildings						
Housing						
Lot 31 Indialla Road	112,605	103,399	307,425	300,000	194,820	196,601
Lot 6 Indialla Road	28,898	28,898	210,065	180,000	181,167	151,102
	<u>280,063</u>	<u>237,312</u>	<u>601,546</u>	<u>545,000</u>	<u>321,483</u>	<u>307,688</u>

Profit	382,803	347,703
Loss	(61,320)	(40,015)
	<u>321,483</u>	<u>307,688</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities								
Bulla Study - Loan 94	43,499	0	21,120	21,120	22,379	22,379	2,204	2,305
Recreation and Culture								
Upgrade Community Centre - Loan 89	62,537	0	8,243	8,243	54,294	54,293	3,575	4,512
Transport								
Plant - Loan 92	65,789	0	65,789	65,788	0	0	1,991	3,790
Plant - Loan 93	146,870	0	71,493	71,493	75,377	75,377	5,681	7,121
Plant - Loan 95	63,233	0	19,941	19,941	43,292	43,293	2,942	3,012
Plant - Loan 96	0	151,500	0	0	151,500	160,000	1,639	0
	381,928	151,500	186,586	186,585	346,842	355,342	18,032	20,740

All loan repayments were financed by general purpose revenue.

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Transport										
Plant - Loan 96	151,500	160,000	WA Treasury	Debenture	5	15,839	3.7	151,000	160,000	0
	151,500	160,000				15,839		151,000	160,000	0

(c) Unspent Debentures

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

(d) Overdraft

Council established an overdraft facility of \$250,000 during the financial year. The balance at 30 June 2014 was nil.

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE											
Differential General Rate / General Rate											
GRV	10.4802	287	2,750,243	288,231	9,241	5	297,477	288,231	0	0	288,231
UV Rural	0.8729	398	173,986,482	1,518,728	343	0	1,519,071	1,518,728	0	0	1,518,728
UV Oakajee Industrial Estate	1.8399	3	8,974,000	165,113	0	0	165,113	165,113	0	0	165,113
Sub-Totals		688	185,710,725	1,972,072	9,584	5	1,981,661	1,972,072	0	0	1,972,072
Minimum Payment	Minimum \$										
GRV	650	141	609,335	91,650	0	0	91,650	91,650	0	0	91,650
UV Rural	320	19	95,625	6,080	0	0	6,080	6,080	0	0	6,080
UV Oakajee Industrial Estate	320	0	0	0	0	0	0	0	0	0	0
Sub-Totals		160	704,960	97,730	0	0	97,730	97,730	0	0	97,730
Movement in Excess Rates							2,079,391				2,069,802
Less write-off allowance							30,941				0
Total Amount Raised From General Rate							2,110,332				2,066,902

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

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

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>985,004</u>	<u>1,085,018</u>	<u>1,085,018</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	1,086,716	1,187,960	1,187,960
Restricted	1,651,745	1,159,147	1,159,147
Receivables			
Rates Outstanding	110,084	93,351	93,351
Sundry Debtors	190,269	99,565	99,565
GST Receivable	81,801	99,753	99,753
Prepaid Expenditure	1,918	0	0
Inventories			
Fuel and Materials	3,653	10,600	10,600
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(266,222)	(310,704)	(310,704)
Accrued Interest on Debentures	(4,056)	(6,773)	(6,773)
Accrued Salaries and Wages	(53,647)	(66,744)	(66,744)
ATO Liabilities	(56,949)	(34,088)	(34,088)
Accrued Expenditure	(108,563)	0	0
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(151,607)	(186,585)	(186,585)
Provisions			
Provision for Annual Leave	(164,507)	(126,377)	(126,377)
Provision for Long Service Leave	(179,044)	(130,114)	(130,114)
<u>Net Current Assets</u>	<u>2,141,591</u>	<u>1,788,991</u>	<u>1,788,991</u>
Less:			
Reserves - Restricted Cash	(1,651,745)	(1,147,049)	(1,147,049)
Add:			
Secured by Floating Charge Debentures	151,607	186,585	186,585
Employee Liability not required to be funded	343,551	256,491	256,491
Surplus/(Deficit)	<u>985,004</u>	<u>1,085,018</u>	<u>1,085,018</u>

Difference

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

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

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

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

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Fire Break Infringements	Write-off	N/A	581	0
Private Works	Write-off	N/A	145	0
Rate Assessment	Write-Off	N/A	0	0

Council granted a waiver on rates to the Yuna CWA.

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 - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	10.00%	N/A	10,309	9,000
Interest on Instalments Plan	5.50%	N/A	5,328	4,900
Charges on Instalment Plan	N/A	7	0	2,800
Pensioner Deferred Rate Interest	0	N/A	0	0
			15,637	16,700

Ratepayers had the option of paying rates in four equal instalments, due on 27 September 2013, 27 November 2013, 28 January 2014 and 31 March 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	0	0
General Purpose Funding	9,682	5,868
Law, Order, Public Safety	8,811	6,563
Health	7,177	5,862
Education and Welfare	7,149	6,948
Housing	15,535	22,456
Community Amenities	172,886	131,467
Recreation and Culture	81,688	80,056
Transport	10,388	9,247
Economic Services	27,498	17,317
Other Property and Services	39,835	58,789
	<u>380,649</u>	<u>344,573</u>

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

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

28. GRANT REVENUE

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

	2014	2013
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	884,167	1,741,666
Non-Operating Grants, Subsidies and Contributions	1,476,306	2,204,838
	<u>2,360,473</u>	<u>3,946,504</u>
By Program:		
Governance	36,902	0
General Purpose Funding	394,621	807,053
Law, Order, Public Safety	491,136	131,530
Housing	18,313	2,109
Community Amenities	208,739	572,898
Recreation and Culture	41,112	13,608
Transport	1,125,160	2,195,926
Economic Services	59	88,944
Other Property and Services	44,431	134,436
	<u>2,360,473</u>	<u>3,946,504</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>28</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	32,223	33,052	16,590
President's Allowance	12,500	12,500	9,500
Deputy President's Allowance	3,125	3,125	2,375
Travelling Expenses	12,236	12,000	6,366
Telecommunications Allowance	9,777	8,000	8,238
	<u>69,861</u>	<u>68,677</u>	<u>43,069</u>

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

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2013/14.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,738,461	2,347,108	2,738,461	2,347,108
Receivables	389,955	297,056	389,955	297,056
	<u>3,128,416</u>	<u>2,644,164</u>	<u>3,128,416</u>	<u>2,644,164</u>
Financial Liabilities				
Payables	489,437	418,309	489,437	418,310
Borrowings	346,842	381,928	318,308	364,965
	<u>836,279</u>	<u>800,237</u>	<u>807,745</u>	<u>783,275</u>

Fair value is determined as follows:

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

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

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

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

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns

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

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

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	28,682	23,471
- Statement of Comprehensive Income	28,682 ⁽¹⁾	23,471 ⁽¹⁾

Notes:

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

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

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

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	99%	78%
- Overdue	1%	12%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
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>
<u>2013</u>					
Payables	418,310	0	0	418,310	418,310
Borrowings	181,176	187,058	25,150	393,384	381,928
	<u>599,486</u>	<u>187,058</u>	<u>25,150</u>	<u>811,694</u>	<u>800,238</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year Ended 30 June 2014</u>								
Borrowings								
Fixed Rate								
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%		
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures	0	233,827	63,674	0	0	84,427	381,928	5.56%
Weighted Average Effective Interest Rate	0.00%	5.47%	5.47%	0.00%	0.00%	5.99%		

**SHIRE OF CHAPMAN VALLEY
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

	2014	2013	2012
Asset Consumption Ratio	0.785	0.825	N/A
Asset Renewal Funding Ratio	0.705	0.686	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

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

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INDEPENDENT AUDIT REPORT & **MANAGEMENT REPORT**

1 December 2014

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 2014**

We advise that we have completed the audit of your Shire for the year ended 30 June 2014 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

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

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 2014, 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.

AUDITOR'S 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 2014 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).

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*Powerful insights
Astute advice*

**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 63 of this report, we have reviewed the calculation as presented and nothing has come to our attention to suggest it is 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.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 1 December 2014
Perth, WA

1 December 2014

Cr J Collingwood
The Shire President
Shire of Chapman Valley
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Dear Cr Collingwood

MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2014

We advise that we have completed our audit procedures for the year ended 30 June 2014 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

Last year (the year ended 30 June 2013) saw the introduction of new financial reporting ratios for local governments in Western Australia.

This year (the year ended 30 June 2014) is the second year of these new ratios and the information relating to these ratios is summarised below:

	Target Ratio ¹	Council's Actual Ratios			3 Year Trend ²
		2014	2013	2012	
Current Ratio	≥ 1	1.563	1.844	1.160	↑
Asset Sustainability Ratio	≥ 1.1	2.146	1.467	2.801	↑
Debt Service Cover Ratio	≥ 15	5.449	1.219*	5.744	↑
Operating Surplus Ratio	≥ 0.15	0.013	(0.373)*	0.111	↑
Own Source Revenue Coverage Ratio	≥ 0.9	0.819	0.506*	0.470	↑
Asset Consumption Ratio	≥ 0.75	0.785	0.825	N/A	↓
Asset Renewal Funding Ratio	≥ 1.05	0.705	0.686	N/A	↑

Key

Above target as per guidelines

Within acceptable banding as per guidelines

Below acceptable banding as per guidelines

¹ Target ratios per Department of Local Government and Communities Guidelines (DLGC) except the Debt Service Cover Ratio which is a target devised by UHY Haines Norton (and based on experience). For information, DLGC Guidelines establish a target Debt Service Cover Ratio of 5.

² The 3 year trend compares the 2014 ratio to the average of the last 3 years (except for the Asset Consumption and Asset Renewal Funding Ratios which are the 2 year trend).

* Adjusted for "one-off" non-cash items.

COMMENT ON RATIOS (CONTINUED)

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.

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

Debt Service Cover Ratio

This ratio is below the target level but is trending upwards, however, this ratio is budgeted to trend downwards in 2014-15.

This ratio measures Council's ability to service debt out of its uncommitted or general purpose funds available from its operations.

Whilst the reduction in the ratio is due to a reduction in the operating surplus rather than an increase in debt repayments, Council should consider all required uses of its operating funds when making decisions on acceptable debt levels.

Asset Renewal Funding Ratio

This ratio is below the target level but is trending upwards.

This ratio indicates whether Council'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 Plans.

Interpretation of this ratio should be considered together with the Asset Sustainability Ratio (ASR) (Low risk at 2.146) and the Asset Consumption Ratio (ACR) (Low risk at 0.785).

Whilst both the ASR and ACR for the year suggest Council is currently replacing or renewing its existing assets at an acceptable rate, Council should identify the reasons why its Asset Management Plans require more renewal expenditure than is provided for in its Long Term Financial Plan.

Summary

Whilst all ratios (with the exception of the Current Ratio) are new and it may take some time for their implication to be fully understood, they should be duly considered in the context of the Shire's particular circumstances as part of its overall financial management.

We will continue to monitor the 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.

REVALUATION OF ROAD INFRASTRUCTURE ASSETS

Council has adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. We note the last revaluation was carried out in 2007.

This matter was raised in our prior year management report and it was noted the matter has been deferred further to allow for it to be performed with the mandatory requirement to adopt fair value accounting for infrastructure in 2014-15.

TENDER REGISTER

For tenders 3-2013/14, 4/2013/14, 5-2013/14 and 6-2013/14, the following items were not included in the register:

- i) The amount of the consideration or a summary of the amounts of consideration sought in the tender accepted by Council; and
- ii) The name of the successful tenderer.

To help ensure compliance with Local Government (Function and General) Regulation 17, a process should be implemented to help ensure the tender register is promptly updated and these requirements are correctly addressed.

There were no other matters we wish to bring to your attention.

UNCORRECTED MISSTATEMENTS

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

We take this opportunity to thank the Chief Executive Officer, the manager of finance & corporate services and 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.