



**2013 / 2014
ANNUAL
REPORT**

SHIRE OF KOORDA

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Notice of Meeting

SHIRE OF KOORDA NOTICE OF GENERAL MEETING OF ELECTORS

Notice is hereby given that the General Meeting of Electors of the Shire of Koorda will be held on 15th October 2014 commencing at 7.00pm in the Koorda Shire Council Chambers, Allenby Street, Koorda.

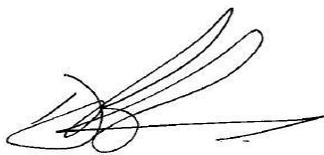
The purpose of the meeting and order of business is;

1. Presentation of the Annual Report for the 2013/2014 Financial Year.

General Business (i) As the Meeting decides

Each elector is entitled to one vote but does not have to vote.

Copies of the 2013/2014 Annual Report are available from the Shire Office during Office hours – 9.00am to 4.30pm



David Burton
CHIEF EXECUTIVE OFFICER

Agenda

**SHIRE OF KOORDA
ANNUAL GENERAL ELECTORS MEETING
15th October 2014
COMMENCING AT 7.00PM
KOORDA SHIRE COUNCIL CHAMBERS
CRN ALLENBY AND HAIG STREETS**

AGENDA

Declaration of Opening

Apologies

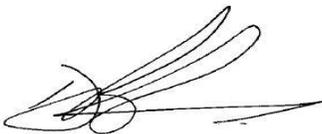
1. Business

Shire of Koorda Annual Report 2013/2014 received, and any discussions
Presidents Report
Chief Executive Officers Report
Financial Report (Statements)
Auditors Report
Other Information

2. General Business

(i) As the Meeting decides

Closure



David Burton
CHIEF EXECUTIVE OFFICER

Local Information

The Koorda Shire Council consists of 7 elected members, who represent the interests of the electors and make policy decisions, with staff that provide the resources and carry out the work that is required to implement the decisions and direction of Council and ensure statutory compliance of Acts and Regulations Administered by Council. The Shire no longer has wards. Normally, each Councillor is elected for a term of 4 years, with vacancies occurring every second year.

Council Meetings

Ordinary Council Meetings are normally held on the third Wednesday in each month, by Policy resolution, Council does not normally hold a meeting in January.

Public Question Time

Is allocated for 15 minutes from the commencement time of each Council meeting.

Elections

Council Elections are now to be held every second year on the third Saturday in October.

Number of Electors	301
Rates Levied	\$916,729
Council Employees	19 full time equivalent employees

Tourist Attractions

Heritage Trail, Sheep Dips, Museum, Corn Dolly Displays, Picnic Sites, Koorda Agricultural Show

Local Industries

Wheat, Lupins, Canola, Barley, Oats, Triticale, Chick Peas, Wool and Meat production

COUNCIL MEETING DATES

TIME	DATE
6.00pm	19 November 2014
6.00pm	17 December 2014
3.00pm	18 February 2015
3.00pm	18 March 2015
3.00pm	15 April 2015
3.00pm	20 May 2015
3.00pm	17 June 2015
3.00pm	15 July 2015
3.00pm	19 August 2015
3.00pm	16 September 2015
3.00pm	21 October 2015
6.00pm	18 November 2015
6.00pm	16 December 2015

I am pleased to present my President Report for the year ended 30 June 2014.

In my opinion this has been a very progressive year for the Shire of Koorda. As President for the past 3 years, I am proud to highlight the many areas that have been identified as priorities for our community that have been addressed.

LOCAL GOVERNMENT ELECTIONS

The next elections are scheduled for October 2015.

LOCAL GOVERNMENT REFORM

Local Government reform remains high on the agenda. Through NEWROC, the Council continues to work collaboratively with our neighbouring Shires to resource share where ever possible.

LAW, ORDER AND PUBLIC SAFETY

The Koorda SES has been disbanded. Members of the KVFBF are going to become members of the Wyalkatchem Fire & Rescue and train for road rescue.

HEALTH SERVICES

The provision of health services continues to be a high priority for Council. We have been working closely with Wyalkatchem in formulating an Aged Care Plan, which will assist the elderly to remain in their own communities for longer. We have also been in regular communication with the HACC coordinator to ensure that the residents receive improved assistance.

ROYALTIES FOR REGIONS

Royalties for Regions has provided the majority of Councils funding to upgrade existing facilities and enables us to construct new infrastructure projects, however is no longer an as of right allocation. 2014-2015 project will be the construction of a duplex on Lot 164 Lodge Street, utilising 2012-2013 CLGF allocation.

Future funding will be dependent on complying with Wheatbelt Development Commission strategies to further development the wheatbelt. Main criteria will be economic and population growth.

DIGITAL TELEVISION RETRANSMISSION

The digital retransmission equipment has been installed and whilst there have been some issues for the most part this is now functioning adequately.

FINANCES

Council finalised the year with a \$984,366 net credit balance as at 30 June 2014, \$400,000 of this is carried forward Royalties for Regions Funds.

Council's current policy is to endeavour to fund capital asset expenditure from Municipal and Reserve Funds rather than the use of borrowings, and continue their policy of transferring funds to various reserves.

RECREATION

As a part of our forward planning, Council is currently reviewing the sporting facilities in the town. So we can cater for all sporting and community groups into the future a study will be undertaken to assess any additions and improvements that may be required. A draftsman has been engaged to develop a concept plan.

TRANSPORT

CBH bin to bin transfers continue to cause major damage to our roads (in particular Koorda Mollerin Road). We will continue our seal widening on our priority roads and also the resealing of others, determined by finance and traffic numbers. Clearing and widening of our unsealed roads will continue as a part of our long term forward plan. Changes to clearing of Vegetation Legislation affecting this type of work will impact on Council. Staff has completed a large portion of the annual maintenance grading.

The program to reseal the town streets, construct kerbing and concrete footpaths is continuing, so to is the replacement of mercury vapour lights with sodium light in strategic positions.

Council has continued their forward planned policy of replacing/purchasing plant and equipment items to ensure the flexibility needed to enable Councils workforce to carry out the expanded program, and to ensure reasonable asset management.

I would like to thank and congratulate my Deputy and fellow Councillors for their support and input that enabling Council to attempt to deliver the services and meet the requirements of our community. We continue to review our forward plans which are in reality part of our strategic objectives.

I urge all community members to provide feedback to Council to assist us in our decision making process and encourage you to contact Councillors or the Shire Office of any concerns or issues that should be addressed or considered. Your contributions ensure that we are working together to achieve the desired outcomes that benefit the community as a whole.

Also my gratitude and praise for each and every staff member for their contributions to the year's outcomes in a professional and competent manner.

Cr Ricky Storer

PRESIDENT

The primary role of the Chief Executive Officer is to implement Council Policy with the aid of other staff. This means acting as the overall manager of Council's day-to-day operations. The Chief Executive Officer also has a number of specific statutory obligations.

The functions of the Chief Executive Officer are specified in the Act:

- Advise Council on the functions of the local government under the Act and other laws;
- Ensure advice and information is available to enable the Council to make informed decisions;
- Cause Council decisions to be implemented;
- Manage the day to day operations of the local government;
- Liaise with the Mayor or President on the local government's affairs and the performance of its functions;
- Speak on behalf of the local government if the Mayor or President agrees;
- Responsible for employment, management, supervision, direction and dismissal of other employees (subject to the provisions relating to senior employees);
- Ensure records and documents are properly kept; and
- Perform other functions of the Act and other laws.

ADMINISTRATION	
<i>Team Effort/ Staff Support</i>	Council's continuing support of staff is appreciated as it is a public indication that elected members and staff are co-operating to achieve team outcomes that enhance and benefit the Shire and residents.
<i>Councillor Training</i>	Councillor training is being encouraged by the State Government to ensure elected members are more aware of their roles and responsibilities within the constantly changing Local Government environment. Council as Policy; supports the need for ongoing Councillor training. The current Councillor training curriculum consists of seventeen (17) modules. Councillors take advantage of this training (this may become compulsory).
<i>Administration Functions</i>	<p>Council continues to endeavor to adapt it's operational planning for the Shire, as further administrative burdens and financial constraints including cost shifting, and the need to accept structural reform and sustainability are placed upon our community and community resources, in our overall function as the local service provider.</p> <p>The necessity for Council to be more accountable requires ongoing monitoring and review of Council functions to ensure work practices and cost efficiencies are in place.</p>

<p>Forward Planning</p>	<p>Short and medium term planning includes;</p> <ul style="list-style-type: none"> Annual Budget Strategic Community Plan Corporate Business Plan Long Term Financial Plan Workforce Plan Asset Management Plan Five year housing and building upgrading program (incorporated in the Plan for the Future) Ten year plant replacement plan (incorporated in the Plan for the Future) Five year major road construction, clearing & widening plan (incorporated in the Plan for the Future) Five year bushfire equipment plan (incorporated in the Plan for the Future) Five year Strategic Plan that forms the basis of forward planning objectives (currently under review).
<p>Communication</p>	<p>Council continues to promote its activities and decisions to the community and utilises the Narkal Notes, Website, Facebook & Twitter on a regular basis and it is intended that this practice will continue.</p> <p><i>Continued community feedback would be appreciated, particularly with likely Local Government Reform, on the Western Australian agenda.</i></p>
<p>Model Code of Conduct</p>	<p>Council again reviewed its model Code of Conduct during the year, to ensure compliance with changed legislative requirements. The Rule of Conduct broadly covers the following eight principles:</p> <ul style="list-style-type: none"> Act with reasonable care and diligence; and Act with honesty and integrity; and Act lawfully; and Avoid damage to the reputation of the local government; and Be open and accountable to the public; and Base decisions on relevant and factually correct information; and Treat others with respect and fairness; and Not be impaired by mind affecting substances. <p>There are now provisions for breaches of the 'Code' to be legally addressed and penalties applied.</p>

<p>North Eastern Wheatbelt Organisational of Councils</p>	<p>Council continues to support the concept of resource sharing and co-operation with member Councils as this is acknowledged as one area that may allow cost efficiencies to be achieved, as well as regional co-operation to achieve common objectives, and sustainability is a real requirement to allow retention of our local identity. The future of this grouping of Councils is an unknown due to the likely structural reform facing local government.</p>
<p>FINANCE</p>	<p>Council's annual financial statements for the year ended 30 June 2014, were audited in August 2014. Copies of these are available at the Council Office, during office hours. A copy of the Operating Statement, Statements of Financial Position and Statements of Change in Equity are included in this report.</p> <p>Due to the format in which the statements must be presented, a general knowledge of accounting principles is advantageous to gain an understanding of them. It should be noted they are income and expenditure based, ie closing 'net credit 'balance, is not a cash amount.</p> <p>Asset Management is becoming a more crucial issue as there is the very real need to maintain assets as well as the need to either improve or replace aging assets. There is therefore, a need when considering major expenditure to take into account not only the initial capital outlay, but the whole of life cost. Usually the initial capital cost is the lowest number. This consideration can make projects difficult to justify.</p> <p>To assist in these objectives Council endeavours to set aside funds in specific reserve accounts for future asset requirements. However, these are currently less than 25% of likely future needs. Asset Management was unfortunately for many years, ignored. All tiers of Government now recognise the need for sustainability which includes management of all assets, at all levels of government.</p> <p>Council cannot realistically on an annual financial basis, set aside sufficient funds required to maintain all their assets as their own funding base is too low. The only real funding alternative available is an increased rate burden, realistically, by way of sufficient annual increments, to assist in meeting the shortfall. However, Council is in a catch up position which only adds to the short and long term financial considerations.</p> <p>Council's rate increases over the past decade, have in reality been less than inflation, with the impact now clearly evident ie this Shires 'own contribution' to annual operating cost is in the order of 15%. Local Government now acknowledge the annual C.P.I. is not relevant, rather "Local Government Cost Index" should be accepted as the guide.</p>
<p>Reserve Funds</p>	<p>Are cashed backed as shown, restricted to their designated purpose and not intended for general use. Council's current practice is to endeavour to set aside funds each year into reserve funds, with the objective of reducing the requirement to raise loans. These Reserves are further commented on elsewhere (page 57).</p>
<p>Loans</p>	<p>No loans were raised during the year under review.</p>

Chief Executive Officers Report

For the Year Ending 30 June 2014

<u>LAW ORDER & PUBLIC SAFETY</u>	
<i>Local Emergency Services</i>	The few volunteers who man and operate these essential services are the unsung heroes who receive little or no recognition. Whilst, it goes without saying that they don't look for recognition, it doesn't hurt for them to be publicly acknowledged, particularly as numbers diminish annually. Council and community appreciation is once again expressed for a job extremely well done, by the dedicated few. The local SES has been disbanded.
<u>HEALTH SERVICES</u>	
<i>Community Health</i>	Council continues to maintain a reserve account to assist with either the current Doctor or possible future recruitment and retention of a Medical Practitioner, this will be ongoing. We continue to assist with the retention of the current doctor, in conjunction with the Wyalkatchem Shire. To ensure the provision of some associated health services to the Koorda community as Council needs to ensure all use needs can be reasonably met.
<u>WELFARE & EDUCATION</u>	
<i>Wheatbelt Ag Care</i>	Council continues to support the objectives, as it is considered this service it vital to community members.
<u>COMMUNITY AMENITIES</u>	
<i>Koorda Cemetery</i>	Council and the community thanks are extended to the team of volunteers who assist in its maintenance and upgrading ensuring the cemetery has a serene atmosphere.
<i>Rubbish Tip Site</i>	The Koorda Rubbish Disposal has erected signage to encourage the correct disposal of various waste types. If these areas are not correctly utilised; the only real alternative available to Council is the provision of a 'manned' tip, which would generally inconvenience the community, and this is a very real probability. The provision of trenches for putrescibles and general waste, to endeavour to extend the life of the site. Council has begun the process of establishing a new site.
<i>Waste Oil Facility</i>	This service/facility is no longer available.

Chief Executive Officers Report

For the Year Ending 30 June 2014

RECREATION & CULTURE		
<i>Recreation Facilities</i>		
Swimming Pool	Upgrade of the chlorination system is currently being investigated.	
TRANSPORT		
Road Works	<p>The Shire's outside work force undertook another major road works program. This involved priority road bitumen reconstruction/sealing, upgrading of rural roads, general preservation/construction work as well as continuing bitumen resealing, and ongoing maintenance, which became a very real issue, due to lack of rain.</p> <p>Seasonal conditions were not generally conducive to good road maintenance practices. The clearing and widening program on rural unsealed roads was continued.</p> <p>The Shire's major expenditure item continues to be road works. Generally whilst federal road grant funding has been increased as has state road funding, there are still insufficient funds being allocated to road upgrading, preservation and particularly maintenance to ensure adequate asset management practices are in place. This issue is Australia wide.</p> <p>Council has limited 'own resources' to make up the shortfall and has difficulty meeting their obligation to match specific funding criteria imposed at State and Federal level.</p> <p>Increasing demands being made by the use of larger road freight units, and farming machinery on the Shire road network, only highlights the lack of adequate funding, and the need to improve overall management practices with regard our road network and ensure heavy vehicle permit use policies, reflects good management practices</p>	
Road Works		
Construction	Widen Seal, widen shoulders, reseal	1,250,190
Preservation	Gravel sheet & clear & widen	84,295
Town Streets	Reseal/Footpaths/Kerbing/street trees, lights	36,461
Road Maintenance & Storm Damage	Maintenance works	307,191
	TOTAL	1,678,137
Council has in place forward planning, prioritising road needs, particularly with regard routes utilised by larger road freight transport units. This is reviewed at least annually and on an ongoing needs basis.		

It should be noted that the apparent strategy of Cooperative Bulk Handling Limited in moving to the concept of primary, secondary and satellite receival points will obviously have an adverse impact on local roads and this may become apparent in future harvest period. Koorda is a primary site, and if the Burakin/Wialki and Koorda Mukinbudin railway lines are closed the use of heavy freight units will impact on roads not constructed for that type of freight vehicle or tonnages. A road identified for upgrade is the Koorda/Mollerin route, grain freight traffic on this route has substantially increased.

There is a need for liaison between farm operators and the Shire administration with regard use of many of Council's roads as they are not of a standard that Council can approve for Permit Vehicle use, on an ongoing basis to allow farm produce and supplies to be transported. The fact that producers purchase/contract large freight units/equipment does not mean Council has to/or should allow their use on roads and in fact may not be allowed to approve such use

<i>Plant Replacement</i>	The major expenditure items replaced/purchased was an Isuzu prime mover and small front end loader.
<i>Staff – Resignations/Appointments</i>	RESIGNED: Mick Wilson, Norman (Nobby) Clark, Darren Burrell, Jackie Rooney, Jenni Wansbrough and Harry Farmer. COMMENCED: Lana Foote, David Wansbrough, Rob Fleay and Jeff Bowden.
<u>ECONOMIC SERVICES</u>	
<i>Natural Resource Management</i>	We are sharing a NRMO with the Shires of Mukinbudin & Wyalkatchem.
<i>Rural Towns Salinity Management Project</i>	Council had previously recognised salinity/land degradation problems within the shire and has continued addressing the issues raised in the strategy report .
<i>Caravan Park</i>	General maintenance was ongoing, with use needs, a balance against expenditure required.
<i>NEWTravel</i>	Council continued to support the NEWTravel organisations' endeavors to promote this sub region and continued to encourage 'off the main route' tourism and the use of Koorda as a through route.
<u>FUTURE</u>	Whilst Council continues to be proactive and adopt a forward planning mentality to provide to provide facilities for the future, the current government 'push' to restructure local government has possible unknown outcomes and impacts.

<p><u>SUMMARY</u></p>	<p>The increase demand of statutory compliance, local government reform, as well as the core function of meeting community needs, continues to put pressure on the Shire's resources, both human & financial.</p> <p>Staff particularly have responded to unforeseen pressure caused by changes in staff, need to meet deadlines and additional work load due to need to consider options for local government reform in conjunction with Council, adjoining Councils and NEWROC.</p> <p>My thanks go the Shire President, (who has attended many unforeseen meetings) Deputy President, Councillors and staff for their co-operation, assistance and efforts during the year, that again enabled planned objectives to be reasonably achieved and it is pleasing to note that Council and staff continue their efforts as a team and compliment each and other to allow desired outcomes to be successfully achieved, in the community's interests.</p> <p>Council continues to achieve most of their forward planning objectives, and meet community service obligations.</p> <p style="text-align: right;">DAVID BURTON CHIEF EXECUTIVE OFFICER</p>
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Overview of the Plan for the Future

Proposed to commence or continue next Financial year 2013 2014.

<p>OVERVIEW OF THE PLAN FOR THE FUTURE ACTIVITIES PROPOSED TO COMMENCE OR CONTINUE NEXT FINANCIAL YEAR</p> <p>(Section 5.53)(2)(e) of the Local Government Act</p>	
<p><u>GENERAL PURPOSE FUNDING</u></p>	<p>Council increased rate revenue in 2013/14 year by approximately 4.0% above the level raised in the previous year. However rates still only represented 16.1% of cash received.</p> <p>Whilst grant revenue from the Federal Government continues to be uncertain in the longer term due to the review taking place, an increase in both general purpose and road funding untied grants was again received.</p>
<p><u>ADMINISTRATION & GOVERNANCE</u></p>	<p>There is a good working relationship between Council and the staff, even though work loads are increasing all the time, the existing structure was maintained; however, it will be necessary to continue to review this structure in 2013/14 due to increased demand on Councillor, and staff time, as well as resources, financial and other</p>
<p style="text-align: right;"><i>NEWROC</i></p>	<p>Of which Council is a member, will continue as a voluntary body to the 30 June 2015. With local government restructuring under serious consideration, the decision may well be made by State Government.</p>
<p><u>HEALTH</u></p>	<p>The community/allied health building has proved to be an asset to the Koorda Community.</p> <p>Dr Liviu Pasintiuc will be the GP for the Koorda, and Wyalkatchem community until October 2014. The services of a locum doctor has been secured and it is hoped to have a permanent replacement early in the new year. The Shires of Koorda and Wyalkatchem currently subsidise the practise.</p>

Overview of the Plan for the Future

Proposed to commence or continue next Financial year 2013 2014.

<p><u>HOUSING</u></p>	<p>The paving and fencing will be completed at the new units in Smith Street, August 2014.</p> <p>Council will continue their adopted ongoing general five year forward projection of anticipated upgrading/maintenance work, this is reviewed annually.</p>
<p><u>COMMUNITY AMENITIES</u></p>	<p>The Shire continues to manage the land-fill disposal site at Koorda as well as the Koorda town sewerage scheme.</p> <p>With regard the Koorda refuse site, rehabilitation will be ongoing during 2013/2014 and better site management practices will be implemented to avoid environmental issues, and extend the life of the facility.</p> <p>Approval is currently being sought for the development of a new refuse site on the area that was previously the Koorda Golf Course. (Cadoux – Koorda Road)</p>
<p><u>RECREATION & CULTURE</u></p> <p style="text-align: right;"><i>Swimming Pool</i></p> <p style="text-align: right;"><i>Volunteer Park</i></p> <p style="text-align: right;"><i>Recreation Centre</i></p>	<p>Council will continue the commitment of supporting the community in achieving and maintaining a good standard of leisure facilities, to assist in the local lifestyle to ensure the provision of recreation and cultural activities within the Shire. Council will continue improvements to the Recreation Facilities, (the oval is scheduled to be renovated in September/October of each year).</p> <p>A new chlorination system is currently being investigated.</p> <p>Continue to enhance the area.</p> <p>Concept plans for the Koorda Recreation Centre to incorporate as many sports as possible at the current site are to be drawn up. Plans include adequate facilities for sports club and bowling club green.</p> <p>Council has commenced a review of their forward/strategic planning for recreation facilities for the Shire of Koorda for the next five year period.</p>

Overview of the Plan for the Future

Proposed to commence or continue next Financial year 2013 2014.

<p><u>TRANSPORT</u></p>	<p>Total 'Roads to Recovery' grant funding was \$326,000 in 2013/14.</p> <p>Council has developed programs to complement their proactive forward planned activities with regard construction, preservation and maintenance of the road network within the Shire, over a rolling five (5) year programme.</p> <p>Whilst past priority was given to widening existing bitumen sealed roads, and clearing and widening of unsealed rural roads, as prioritised; the necessity to reseal existing bitumen roads will assume greater future priority, within Council's available financial resources. With regard this requirement; there will be a need to balance human, contractual and other resources, against service needs. A total of \$1.67 million was expended on construction, preservation and maintenance in 2013/14 and expenditure of \$1.57 million is scheduled for 2014/15.</p>
<p><i>Plant, Equipment and Machinery</i></p>	<p>Council has a comprehensive, ten year forward projected, 'plant replacement program' which is reviewed and updated at least annually. This is to ensure plant is replaced at the optimum time and Council will continue to replace major items of plant as planned, unless circumstances warrant review. The major item scheduled for purchase in 2014/15 is a FEL.</p> <p>The Shire fleet key plant items continue to be replaced as assets age, to minimise associated costs of maintenance and repairs. To ensure the added flexibility necessary to complete expanded works programs, Council adopted a policy of purchasing additional second hand items of equipment. This activity has continued and is effectively managed through Works Committee who monitor and recommend items to be replaced, these would be generally be replaced by second hand items. Surplus items will be disposed of.</p> <p>Again, some plant items were purchased as forecast; others deferred, and unplanned purchases made, where considered expedient.</p>
<p><i>Infrastructure assets</i></p>	<p>Council will continue their program of significant road bitumen resealing, general road construction and road widening in the coming years, recognising the requirement for the network to be maintained with the objective of providing reasonable quality service to the</p>

Overview of the Plan for the Future

Proposed to commence or continue next Financial year 2013 2014.

	<p>community and meet the need use requirements of larger machinery items and freight units. However, the balance between funding and needs requirement as well as good asset management practices, is widening as is Council's ability to meet road user demands.</p> <p>The use of heavy road units to move grain is and will continue to have a detrimental impact on Councils road network.</p> <p>The need to change future priorities to resealing of bitumen roads has been recognised. However, the future priority needs of the Koorda-Mollerin Road will be monitored, as it is likely to become a 'priority road' with regard 'grain freight'.</p>
<u>ECONOMIC SERVICES</u>	<p>Council continues to support the concept of dryland salinity management strategies and natural resource management.</p> <p>An issue that is still "current" is deep drainage and the issues associated with such programs. Council will endeavour to assist in the addressing the complex issues now involved with regard natural resource management.</p>
<i>Caravan Park</i>	Upgrade plumbing to bays at the caravan park.
<i>Industrial Units</i>	Undertake business and feasibility study to construct business units in Koorda. Landcorp are currently preparing a subdivision of land for industrial use.
<i>DrumMuster</i>	Council continues its participation in the DrumMuster program and offers the service for used chemicals drums to be delivery to our storage facility to be collected by DrumMuster for the recycling of these used containers. Collection will be arranged on a request basis.
<i>Waste Oil</i>	This service/facility is currently closed.
<u>OTHER PROPERTY & SERVICES</u>	Ongoing service provision as community directs.

Overview of the Plan for the Future
Proposed to commence or continue next Financial year 2013 2014.

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

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Principal place of business: Allenby Street Koorda WA 6475	

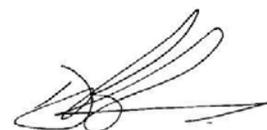
**SHIRE OF KOORDA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Koorda being the annual financial report 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 Koorda 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 16th day of September 2014



David Burton
Chief Executive Officer

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	23	860,416	855,612	828,202
Operating Grants, Subsidies and Contributions	29	1,017,594	993,875	1,372,942
Fees and Charges	28	531,761	449,604	457,158
Service Charges	25	0	5,000	0
Interest Earnings	2(a)	185,985	210,500	201,734
Other Revenue		22,767	58,742	28,928
		<u>2,618,523</u>	<u>2,573,333</u>	<u>2,888,964</u>
Expenses				
Employee Costs		(1,314,487)	(1,634,510)	(997,503)
Materials and Contracts		(692,729)	(594,272)	(797,155)
Utility Charges		(28,683)	(27,243)	(33,095)
Depreciation on Non-Current Assets	2(a)	(1,159,662)	(1,312,791)	(1,316,670)
Insurance Expenses		(104,527)	(133,813)	(86,458)
Other Expenditure		(71,246)	(91,704)	(59,258)
		<u>(3,371,334)</u>	<u>(3,794,333)</u>	<u>(3,290,139)</u>
		(752,811)	(1,221,000)	(401,175)
Non-Operating Grants, Subsidies and Contributions	29	1,235,408	2,109,282	2,140,635
Profit on Asset Disposals	21	7,315	223,300	75,192
Loss on Asset Disposals	21	(48,305)	(24,500)	(91,060)
NET RESULT		441,607	1,087,082	1,723,592
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	13	6,388,939	0	568,222
Total Other Comprehensive Income		6,388,939	0	568,222
Total Comprehensive Income		6,830,546	1,087,082	2,291,814

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

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		0	1,599	0
General Purpose Funding		1,887,485	1,926,228	2,230,619
Law, Order, Public Safety		41,660	40,492	42,788
Health		102,206	112,146	114,570
Housing		157,709	124,218	120,977
Community Amenities		148,788	152,876	120,363
Recreation and Culture		16,653	24,462	41,782
Transport		112,875	94,000	123,088
Economic Services		117,297	76,720	66,242
Other Property and Services		33,850	20,592	28,535
	2(a)	<u>2,618,523</u>	<u>2,573,333</u>	<u>2,888,964</u>
Expenses				
Governance		(295,740)	(358,363)	(311,251)
General Purpose Funding		(73,419)	(77,463)	(96,989)
Law, Order, Public Safety		(81,781)	(121,352)	(112,252)
Health		(239,816)	(300,814)	(232,662)
Education and Welfare		(23,019)	(14,559)	(13,966)
Housing		(185,132)	(184,051)	(134,542)
Community Amenities		(197,106)	(246,208)	(195,539)
Recreation & Culture		(660,911)	(667,254)	(592,429)
Transport		(1,381,370)	(1,538,274)	(1,364,658)
Economic Services		(238,964)	(280,215)	(233,308)
Other Property and Services		5,924	(5,780)	(2,543)
	2(a)	<u>(3,371,334)</u>	<u>(3,794,333)</u>	<u>(3,290,139)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		0	0	538,123
Law, Order, Public Safety		0	0	107,546
Housing		523,824	530,000	660,000
Community Amenities		0	0	8,867
Recreation & Culture		0	171,578	121,802
Transport		711,584	791,704	672,917
Economic Services		0	580,000	31,380
Other Property and Services		0	36,000	0
		<u>1,235,408</u>	<u>2,109,282</u>	<u>2,140,635</u>
Profit/(Loss) on Disposal of Assets				
Law, Order, Public Safety		(434)	0	0
Health		(9,990)	(22,501)	(15,290)
Housing		(7,717)	151,300	0
Community Amenities		(1,839)	0	0
Recreation & Culture		(7,212)	0	4,242
Transport		(4,536)	69,000	(644)
Economic Services		(7,798)	0	0
Other Property and Services		(1,464)	1,001	(4,176)
		<u>(40,990)</u>	<u>198,800</u>	<u>(15,868)</u>
Net Result				
		441,607	1,087,082	1,723,592
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	6,388,939	0	568,222
Total Other Comprehensive Income				
		6,388,939	0	568,222
Total Comprehensive Income				
		6,830,546	1,087,082	2,291,814

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

SHIRE OF KOORDA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	4,885,676	5,695,380
Trade and Other Receivables	4	91,356	76,189
Inventories	5	13,360	13,931
TOTAL CURRENT ASSETS		<u>4,990,392</u>	<u>5,785,500</u>
Other Receivables	4	5,392	0
Property, Plant and Equipment	6	13,826,442	6,119,655
Infrastructure	7	56,339,598	56,324,302
TOTAL NON-CURRENT ASSETS		<u>70,171,432</u>	<u>62,443,957</u>
TOTAL ASSETS	18	<u>75,161,824</u>	<u>68,229,457</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	166,830	128,047
Short Term Borrowings	9	58,998	0
Provisions	11	284,680	270,118
TOTAL CURRENT LIABILITIES		<u>510,508</u>	<u>398,165</u>
Provisions	11	27,821	38,343
TOTAL NON-CURRENT LIABILITIES		<u>27,821</u>	<u>38,343</u>
TOTAL LIABILITIES		<u>538,329</u>	<u>436,508</u>
		<u>74,623,495</u>	<u>67,792,949</u>
EQUITY			
Retained Surplus		49,055,353	48,745,537
Reserves - Cash Backed	12	3,799,743	3,667,952
Revaluation Surplus	13	21,768,399	15,379,460
TOTAL EQUITY		<u>74,623,495</u>	<u>67,792,949</u>

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

**SHIRE OF KOORDA
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		47,473,967	3,215,930	14,811,238	65,501,135
Comprehensive Income					
Net Result		1,723,592	0	0	1,723,592
Changes on Revaluation of Non-Current Assets	13	0	0	568,222	568,222
Total Comprehensive Income		<u>1,723,592</u>	<u>0</u>	<u>568,222</u>	<u>2,291,814</u>
Transfers from/(to) Reserves		(452,022)	452,022	0	0
Balance as at 30 June 2013		48,745,537	3,667,952	15,379,460	67,792,949
Comprehensive Income					
Net Result		441,607	0	0	441,607
Changes on Revaluation of Non-Current Assets	13	0	0	6,388,939	683,546
Total Comprehensive Income		<u>441,607</u>	<u>0</u>	<u>6,388,939</u>	<u>683,546</u>
Transfers from/(to) Reserves		(131,791)	131,791	0	0
Balance as at 30 June 2014		49,055,353	3,799,743	21,768,399	74,623,495

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

SHIRE OF KOORDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		865,718	855,612	808,713
Operating Grants, Subsidies and Contributions		1,005,574	993,875	1,367,077
Fees and Charges		531,761	397,429	457,158
Service Charges		0	5,000	0
Interest Earnings		185,985	210,500	201,734
Goods and Services Tax		(13,841)	56,062	202,865
Other Revenue		22,767	58,742	28,929
		<u>2,597,964</u>	<u>2,577,220</u>	<u>3,066,476</u>
Payments				
Employee Costs		(1,281,544)	(1,634,510)	(947,851)
Materials and Contracts		(682,278)	(254,743)	(828,222)
Utility Charges		(28,683)	(27,243)	(33,095)
Interest Expenses		58,998	0	0
Insurance Expenses		(104,527)	(133,813)	(86,458)
Goods and Services Tax		0	(56,062)	(153,469)
Other Expenditure		(71,246)	(91,704)	(59,258)
		<u>(2,109,280)</u>	<u>(2,198,075)</u>	<u>(2,108,353)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>488,684</u>	<u>379,145</u>	<u>958,123</u>
Cash Flows from Investing Activities				
Property, Plant & Equipment Payments for Construction of Infrastructure		(1,486,160)	(2,875,500)	(1,283,899)
Non-Operating Grants, Subsidies and Contributions		(1,332,380)	(1,428,782)	(1,357,910)
Proceeds from Sale of Fixed Assets		1,235,408	2,109,282	2,140,635
		284,744	549,000	277,104
Net Cash Provided by (Used in) Investment Activities		<u>(1,298,388)</u>	<u>(1,646,000)</u>	<u>(224,070)</u>
Net Increase (Decrease) in Cash Held		(809,704)	(1,266,855)	734,053
Cash at Beginning of Year		5,695,380	5,697,595	4,961,327
Cash and Cash Equivalents at the End of the Year	14(a)	<u>4,885,676</u>	<u>4,430,740</u>	<u>5,695,380</u>

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

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

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		0	1,599	0
General Purpose Funding		1,027,069	1,070,616	1,940,540
Law, Order, Public Safety		41,660	40,492	150,334
Health		102,206	112,146	114,570
Housing		681,533	805,518	780,977
Community Amenities		148,788	152,876	129,230
Recreation and Culture		16,653	196,040	167,826
Transport		824,974	955,704	866,955
Economic Services		117,297	656,720	97,622
Other Property and Services		40,650	58,592	28,536
		<u>3,000,830</u>	<u>4,050,303</u>	<u>4,276,590</u>
Expenses				
Governance		(295,740)	(358,363)	(311,251)
General Purpose Funding		(73,419)	(77,463)	(96,989)
Law, Order, Public Safety		(82,215)	(121,352)	(112,252)
Health		(249,806)	(323,315)	(247,952)
Education and Welfare		(23,019)	(14,559)	(13,966)
Housing		(192,849)	(184,051)	(134,542)
Community Amenities		(198,945)	(246,208)	(195,539)
Recreation and Culture		(668,123)	(667,254)	(592,429)
Transport		(1,386,421)	(1,539,274)	(1,436,252)
Economic Services		(246,762)	(280,215)	(233,308)
Other Property and Services		(2,340)	(6,779)	(6,719)
		<u>(3,419,639)</u>	<u>(3,818,833)</u>	<u>(3,381,199)</u>
Net Result Excluding Rates				
		(418,809)	231,470	895,391
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	21	40,990	(198,800)	15,868
Movement in Deferred Pensioner Rates (Non-Current)		(5,392)	0	0
Movement in Accrued Salaries and Wages		6,193	0	3,027
Movement in Employee Benefit Provisions (Non-current)		(1,506)	0	44,791
Depreciation and Amortisation on Assets	2(a)	1,159,662	1,312,791	1,316,670
Capital Expenditure and Revenue				
Purchase Land and Buildings	6(a)	(952,192)	(2,230,000)	(486,380)
Purchase Furniture and Equipment	6(a)	0	(41,000)	(691,513)
Purchase Plant and Equipment	6(a)	(533,968)	(604,500)	(106,006)
Purchase Roads	7(a)	(1,257,380)	(1,271,704)	(1,197,968)
Purchase Infrastructure Other	7(a)	(75,000)	(157,078)	(159,942)
Proceeds from Disposal of Fixed Assets	21	284,744	549,000	277,104
Transfers to Reserves (Restricted Assets)	12	(224,131)	(923,763)	(614,022)
Transfers from Reserves (Restricted Assets)	12	92,340	434,500	162,000
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	2,008,399	2,043,472	1,721,177
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	984,366	0	2,008,399
Total Amount Raised from General Rate				
	23(a)	<u>(860,416)</u>	<u>(855,612)</u>	<u>(828,202)</u>

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

SHIRE OF KOORDA
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 20 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 KOORDA
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 KOORDA
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.

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).

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 KOORDA
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	2%
Furniture and Equipment	10 - 25%
Plant and Equipment	15 - 25%
Motor Vehicles	25%
Roads - Aggregate	25 years
Roads - Unsealed - Gravel	35 years
Drains and Sewers	75 years
Airfield - Runways	12 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.

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.

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.

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 KOORDA
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.

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 or 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 KOORDA
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 KOORDA
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 KOORDA
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 KOORDA
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 2017	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 2017	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 KOORDA
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 KOORDA
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	<p>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.</p> <p>It is not expected to have a significant impact on Council.</p>
(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	<p>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.</p> <p>It is not expected to have a significant impact on Council.</p>
(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	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>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.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

Notes:

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

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 KOORDA
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:			
Auditors Remuneration			
- Audit of the annual financial report	10,641	14,605	
- Audit of grant acquittal	1,353	1,901	
Depreciation			
Building and Improvements (level 2)	154,612	110,128	
Furniture and Equipment	25,278	35,627	
Plant and Equipment	190,328	373,964	
Roads	770,193	750,920	
Infrastructure Other	19,251	46,031	
	<u>1,159,662</u>	<u>1,316,670</u>	
(ii) Crediting as Revenue:			
Significant Revenue			
General Purpose Funding	<u>0</u>	<u>929,193</u>	
	<u>0</u>	<u>929,193</u>	
This significant revenues in 2013 relate to the advance of the first Financial Assistance Grant of the next year.			
Other Revenue			
Reimbursements and Recoveries	21,767	28,928	
Other	1,000	0	
	<u>22,767</u>	<u>28,928</u>	
	2014	2014	2013
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Reserve Funds	131,326	160,000	152,354
- Other Funds	48,289	45,000	40,263
Other Interest Revenue (<i>refer note 27</i>)	6,370	5,500	9,117
	<u>185,985</u>	<u>210,500</u>	<u>201,734</u>

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 will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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 (GPF)

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

**SHIRE OF KOORDA
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:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

SHIRE OF KOORDA
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		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 \$
Grant/Contribution	Function/ Activity							
Royalties for Regions	GPF	52,386	0	(52,386)	0			0
Federal Assistance	GPF	0	605,712	0	605,712		(605,712)	0
Federal Road	GPF	0	323,481	0	323,481		(323,481)	0
Royalties for Regions 11/12	GPF	271,552	0	(154,845)	116,707		(116,707)	0
Royalties for Regions Regional	Housing	0	660,000	0	660,000		(660,000)	0
Royalties for Regions Regional	Housing	0	0	0	0	399,532		399,532
State NRM Grant	Economic Serv	0	0	0	0	25,694	(8,136)	17,558
Total		323,938	1,589,193	(207,231)	1,705,900	425,226	(1,714,036)	417,090

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 KOORDA
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		668,843	321,528
Restricted		<u>4,216,833</u>	<u>5,373,852</u>
		<u><u>4,885,676</u></u>	<u><u>5,695,380</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	12	259,961	250,945
Road Reserve	12	353,645	341,378
Plant Reserve	12	486,266	397,001
Council Building Reserve	12	844,849	815,546
TV Reserve	12	3,110	3,002
Recreation Reserve	12	659,640	620,022
Medical Practitioners Reserve	12	253,521	244,728
IT & Administration Reserve	12	90,585	87,443
Sewerage Reserve	12	576,170	556,187
Community Housing Reserve	12	66,568	65,136
JVC Units Reserve	12	36,509	49,300
Community Bus Reserve	12	81,032	78,222
NRM Reserve	12	18,741	18,091
Waste Management Reserve	12	54,155	124,676
JV Johnson Reserve	12	14,991	16,275
Unspent Grants	2(c)	417,090	1,705,900
		<u><u>4,216,833</u></u>	<u><u>5,373,852</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		32,989	43,683
Sundry Debtors		43,969	31,723
GST Receivable		13,841	0
Interest Receivable		557	783
		<u>91,356</u>	<u>76,189</u>
Non-Current			
Rates Outstanding - Pensioners		5,392	0
		<u>5,392</u>	<u>0</u>
5. INVENTORIES			
Current			
Fuel and Materials		13,360	13,931
		<u>13,360</u>	<u>13,931</u>

SHIRE OF KOORDA
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:		
- Independent Valuation 2014	404,000	0
	<u>404,000</u>	<u>0</u>
Total Land	<u>404,000</u>	<u>0</u>
Building and Improvements (level 2) at:		
- Independent Valuation 2014	10,646,000	0
- Cost	0	5,456,467
Less: Accumulated Depreciation	0	(1,339,405)
	<u>10,646,000</u>	<u>4,117,062</u>
Building and Improvements (level 3) at:		
- Management Valuation 2014	754,090	0
Total Buildings	<u>11,400,090</u>	<u>4,117,062</u>
Total Land and Buildings	<u>11,804,090</u>	<u>4,117,062</u>
Furniture and Equipment at:		
- Management Valuation 2013	132,164	137,317
Less Accumulated Depreciation	<u>(25,278)</u>	<u>0</u>
	106,886	137,317
Plant and Equipment at:		
- Management Valuation 2013	6,051	229,112
- Additions after Valuation - Cost 2014	533,968	0
- Independent Valuation 2013	1,541,618	1,636,164
Less Accumulated Depreciation	<u>(166,171)</u>	<u>0</u>
	1,915,466	1,865,276
	<u>13,826,442</u>	<u>6,119,655</u>

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land :

The Shire's Land was revalued at 30 June 2014 by a combination of independent valuers and management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 3 inputs in the fair value hierarchy).

The revaluation resulted in an overall increment of \$ 406,517 in the net value of the Shire's land. All of this increase was credited to a new revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Buildings and Improvements:

The Shire's Buildings was revalued at 30 June 2014 by a combination of independent valuers and management. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 3 and 2 inputs in the fair value hierarchy).

Buildings have been reclassified as Buildings and Improvements.

The revaluation resulted in an overall increment of \$ 6,002,422 in the net value of the Shire's buildings and improvements. All of this increase was credited to a new revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Surplus

The revaluation of Land, Buildings and Improvements resulted in an overall increment of \$ 6,408,939 in the net value of the Shire's Land, Buildings and Improvements. All of this increase was credited to new revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

SHIRE OF KOORDA
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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Land Vested In and Under the Control of Council (Level 2)		17,484	0	0	386,516	0	0	404,000
Total Land		17,484	0	0	386,516	0	0	404,000
Building and Improvements (level 2) (Level 2)		4,631,940	198,102	(31,853)	6,002,423		(154,612)	10,646,000
Building and Improvements (level 3) (Level 3)		0	754,090	0	0	0	0	754,090
Total Buildings		4,631,940	952,192	(31,853)	6,002,423	0	(154,612)	11,400,090
Total Land and Buildings		4,649,424	952,192	(31,853)	6,388,939	0	(154,612)	11,804,090
Furniture and Equipment (Level 3)		132,164	0	0	0	0	(25,278)	106,886
Plant and Equipment (Level 3)		1,865,276	533,968	(293,450)	0	0	(190,328)	1,915,466
Total Property, Plant and Equipment		6,646,864	1,486,160	(325,303)	6,388,939	0	(370,218)	13,826,442

Reclassification of Asset Classes

During the year ended 30 June 2014 fixed assets were reclassified as part of the revaluation of Land and Buildings. Prior year closing balances for assets transferred between asset classes were amended to align to the new classification of the specific assets reclassified. Transfers between asset classes to arrive at the prior year comparative balances are shown below.

	Closing balance 30/06/2013	Transfer to	Transfer from	Reclassified opening balance 1/07/2013
Valuation Reclassification Summary				
Land Vested In and Under the Control of Council	0	27,875	(10,391)	17,484
Land & Buildings	4,117,062	1,339,405	(5,456,467)	0
Building and Improvements (previously Land and Buildings)	0	6,416,226	(1,784,286)	4,631,940
Furniture and Equipment	137,317	181	(5,334)	132,164
Infrastructure Other	878,908	455	(527,664)	351,699
	<u>5,133,287</u>	<u>7,784,142</u>	<u>(7,784,142)</u>	<u>5,133,287</u>

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

	2014 \$	2013 \$
7. INFRASTRUCTURE		
Roads		
- Independent Valuation 2013	63,379,557	63,379,557
- Cost	3,683,424	2,426,044
Less Accumulated Depreciation	<u>(11,130,400)</u>	<u>(10,360,207)</u>
	55,932,581	55,445,394
Infrastructure Other		
- Cost	535,917	1,434,172
Less Accumulated Depreciation	<u>(128,900)</u>	<u>(555,264)</u>
	407,017	878,908
	<u>56,339,598</u>	<u>56,324,302</u>

Roads:

Council have 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. This policy also accords with AASB 116.

SHIRE OF KOORDA
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) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of the Year \$
Roads	(Level 3)	55,445,394	1,257,380	0	0	0	(770,193)	55,932,581
Infrastructure Other	(Level 3)	351,699	75,000	(431)	0	0	(19,251)	407,017
Total		55,797,093	1,332,380	(431)	0	0	(789,444)	56,339,598

During the year ended 30 June 2014 fixed assets were reclassified as part of the revaluation of Land and Buildings. Prior year closing balances for assets transferred between asset classes were amended to align to the new classification of the specific assets reclassified. Transfers between asset classes to arrive at the prior year comparative balances are shown below.

	Closing balance 30/06/2013	Transfer to	Transfer from	Reclassified opening balance 1/07/2013
Valuation Reclassification Summary				
Roads	55,445,394	0	0	55,445,394
Infrastructure Other	878,908	455	(527,664)	351,699
	<u>56,324,302</u>	<u>455</u>	<u>(527,664)</u>	<u>55,797,093</u>

SHIRE OF KOORDA
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	49,677	60,720
Accrued Salaries and Wages	44,265	38,072
ATO Liabilities	22,710	0
Bonds and Deposits	19,001	15,274
Collections	31,177	13,981
	<u>166,830</u>	<u>128,047</u>
9. SHORT-TERM BORROWINGS		
Unsecured		
Overdraft	58,998	0
	<u>58,998</u>	<u>0</u>
Represented by		
Unrestricted - Municipal bank overdraft	58,998	0
	<u>58,998</u>	<u>0</u>

10. LONG-TERM BORROWINGS

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

11. PROVISIONS

Analysis of Total Provisions

Current	284,680	270,118
Non-Current	27,821	38,343
	<u>312,501</u>	<u>308,461</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	164,707	143,754	308,461
Additional provision	7,463	0	7,463
Reduction in provision	0	(3,423)	(3,423)
Balance at 30 June 2014	<u>172,170</u>	<u>140,331</u>	<u>312,501</u>

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

	2014 \$	2014 Budget \$	2013 \$
12. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	250,945	250,945	240,411
Amount Set Aside / Transfer to Reserve	9,016	26,500	10,534
Amount Used / Transfer from Reserve	0	(30,000)	0
	<u>259,961</u>	<u>247,445</u>	<u>250,945</u>
(b) Road Reserve			
Opening Balance	341,378	341,379	327,048
Amount Set Aside / Transfer to Reserve	12,267	10,414	14,330
Amount Used / Transfer from Reserve	0	0	0
	<u>353,645</u>	<u>351,793</u>	<u>341,378</u>
(c) Plant Reserve			
Opening Balance	397,001	397,001	315,023
Amount Set Aside / Transfer to Reserve	89,265	336,634	116,978
Amount Used / Transfer from Reserve	0	(205,500)	(35,000)
	<u>486,266</u>	<u>528,135</u>	<u>397,001</u>
(d) Council Building Reserve			
Opening Balance	815,546	815,546	737,897
Amount Set Aside / Transfer to Reserve	29,303	151,815	77,649
Amount Used / Transfer from Reserve	0	(109,000)	0
	<u>844,849</u>	<u>858,361</u>	<u>815,546</u>
(e) TV Reserve			
Opening Balance	3,002	3,002	78,910
Amount Set Aside / Transfer to Reserve	108	10,200	24,092
Amount Used / Transfer from Reserve	0	0	(100,000)
	<u>3,110</u>	<u>13,202</u>	<u>3,002</u>
(f) Recreation Reserve			
Opening Balance	620,022	620,023	402,314
Amount Set Aside / Transfer to Reserve	39,618	232,000	217,708
Amount Used / Transfer from Reserve	0	(30,000)	0
	<u>659,640</u>	<u>822,023</u>	<u>620,022</u>
(g) Medical Practitioners Reserve			
Opening Balance	244,728	244,727	202,885
Amount Set Aside / Transfer to Reserve	8,793	31,500	41,843
Amount Used / Transfer from Reserve	0	0	0
	<u>253,521</u>	<u>276,227</u>	<u>244,728</u>
(h) IT & Administration Reserve			
Opening Balance	87,443	87,444	98,143
Amount Set Aside / Transfer to Reserve	3,142	14,500	4,300
Amount Used / Transfer from Reserve	0	(10,000)	(15,000)
	<u>90,585</u>	<u>91,944</u>	<u>87,443</u>
(i) Sewerage Reserve			
Opening Balance	556,187	556,186	499,213
Amount Set Aside / Transfer to Reserve	19,983	79,500	56,974
Amount Used / Transfer from Reserve	0	(30,000)	0
	<u>576,170</u>	<u>605,686</u>	<u>556,187</u>

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

12. RESERVES - CASH BACKED (continued)

(j) Community Housing Reserve

Opening Balance	65,136	65,136	59,145
Amount Set Aside / Transfer to Reserve	2,340	4,000	5,991
Amount Used / Transfer from Reserve	(908)	(7,500)	0
	<u>66,568</u>	<u>61,636</u>	<u>65,136</u>

(k) JVC Units Reserve

Opening Balance	49,300	49,300	58,728
Amount Set Aside / Transfer to Reserve	1,771	4,500	2,572
Amount Used / Transfer from Reserve	(14,562)	(7,500)	(12,000)
	<u>36,509</u>	<u>46,300</u>	<u>49,300</u>

(l) Community Bus Reserve

Opening Balance	78,222	78,221	74,938
Amount Set Aside / Transfer to Reserve	2,810	9,500	3,284
Amount Used / Transfer from Reserve	0	0	0
	<u>81,032</u>	<u>87,721</u>	<u>78,222</u>

(m) NRM Reserve

Opening Balance	18,091	18,090	17,331
Amount Set Aside / Transfer to Reserve	650	700	760
Amount Used / Transfer from Reserve	0	0	0
	<u>18,741</u>	<u>18,790</u>	<u>18,091</u>

(n) Waste Management Reserve

Opening Balance	124,676	124,676	89,789
Amount Set Aside / Transfer to Reserve	4,479	7,500	34,887
Amount Used / Transfer from Reserve	(75,000)	0	0
	<u>54,155</u>	<u>132,176</u>	<u>124,676</u>

(o) JV Johnson Reserve

Opening Balance	16,275	16,276	14,155
Amount Set Aside / Transfer to Reserve	586	4,500	2,120
Amount Used / Transfer from Reserve	(1,870)	(5,000)	0
	<u>14,991</u>	<u>15,776</u>	<u>16,275</u>

TOTAL RESERVES	<u>3,799,743</u>	<u>4,157,215</u>	<u>3,667,952</u>
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Total Opening Balance	3,667,952	3,667,952	3,215,930
Total Amount Set Aside / Transfer to Reserve	224,131	923,763	614,022
Total Amount Used / Transfer from Reserve	(92,340)	(434,500)	(162,000)
TOTAL RESERVES	<u>3,799,743</u>	<u>4,157,215</u>	<u>3,667,952</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.

12. 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 Long Service Leave, Accrued Holiday and Sick Leave entitlements to employees as those liabilities arise.
- (b) Road Reserve**
- to be used to assist future road works difficult to fund on an annual basis i.e. reseals and acts of nature. RTR portion specific purpose - restricted to approved projects by the 30th June 2014.
- (c) Plant Reserve**
- to be used to ensure purchases are basically funded from funds set aside in the Reserve and the use of those funds determined by a ten year Forward Plan, which is reviewed annually. The intent is that at least the annual plant depreciation component is set aside.
- (d) Council Building Reserve**
- to be used to fund the major asset category the Shire owns, and allow some management of the various building requirements.
- (e) TV Reserve**
- to be used to fund future upgrading or extension of receiver/retransmission facility. *(Restricted)*
- (f) Recreation Reserve**
- to be used to assist funding of future upgrading, renovations and general requirements.
- (g) Medical Practitioners Reserve**
- to be used to accumulate funds to assist in the future costs of attracting and retaining a qualified medical practitioner within the Region.
- (h) IT & Administration Reserve**
- to be used to fund technology that will require regular updating.
- (i) Sewerage Reserve**
- to be used to fund future upgrading and replacement of the town sewerage treatment plant. *(Restricted)*
- (j) Community Housing Reserve**
- to be used to fund the future maintenance/upgrading or replacement of CHP units or returned to the Department of Housing and Works. *(Restricted)*
- (k) JV Units Reserve**
- to be used to fund the future maintenance/upgrading or replacement of JV units or returned to the Department of Housing and Works. *(Restricted)*
- (l) Community Bus Reserve**
- to be used to fund the change over costs of the community bus.
- (m) NRM Reserve**
- to be used to fund future retention of the Natural Resource Management Officer.
- (n) Waste Management Reserve**
- to be used to fund future refuse development.
- (o) JV Johnson Reserve**
- to be used to fund the future maintenance/upgrading or replacement of JV units or returned to the Department of Housing and Works. *(Restricted)*

The Leave and Plant Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Building Reserve is expected to be utilised in 2013/14.

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

13. REVALUATION SURPLUS

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

(a) Land

Opening Balance	0	0
Revaluation Increment	386,516	0
Revaluation Decrement	0	0
	<u>386,516</u>	<u>0</u>

(b) Plant & Equipment

Opening Balance	568,222	0
Revaluation Increment	0	568,222
Revaluation Decrement	0	0
	<u>568,222</u>	<u>568,222</u>

(c) Roads

Opening Balance	14,811,238	14,811,238
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>14,811,238</u>	<u>14,811,238</u>

(d) Building & Improvements

Opening Balance	0	0
Revaluation Increment	6,002,423	0
Revaluation Decrement	0	0
	<u>6,002,423</u>	<u>0</u>

TOTAL ASSET REVALUATION SURPLUS

<u>21,768,399</u>	<u>15,379,460</u>
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SHIRE OF KOORDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>4,885,677</u>	<u>4,430,740</u>	<u>5,695,380</u>

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

Net Result	441,607	1,087,082	1,723,592
Depreciation	1,159,662	1,312,791	1,316,670
(Profit)/Loss on Sale of Asset	40,990	(198,800)	15,868
(Increase)/Decrease in Receivables	(20,559)	(52,175)	24,042
(Increase)/Decrease in Inventories	571	0	(8,009)
Increase/(Decrease) in Payables	97,781	339,529	(40,397)
Increase/(Decrease) in Employee Provisions	4,040	0	66,992
Grants Contributions for the Development of Assets	(1,235,408)	(2,109,282)	(2,140,635)
Net Cash from Operating Activities	<u>488,684</u>	<u>379,145</u>	<u>958,123</u>

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

	2014 \$	2013 \$
Bank Overdraft limit	150,000	150,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	(111)	0
Total Amount of Credit Unused	<u>154,889</u>	<u>155,000</u>

Loan Facilities

Loan Facilities - Current	0	0
Loan Facilities - Non-Current	0	0
Total Facilities in Use at Balance Date	<u>0</u>	<u>0</u>

Unused Loan Facilities at Balance Date

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

15. CONTINGENT LIABILITIES

There were no known contingent liabilities at balance date.

16. CAPITAL AND LEASING COMMITMENTS

2014
\$

2013
\$

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	0	80,000
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Payable:

- not later than one year	0	80,000
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The Shire did not have any future capital expenditure commitments at the reporting date.

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

17. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shires of Mukinbudin, Mt Marshall, Trayning and Wyalkatchem have a joint venture arrangement with regards to the provision of an Environmental Health and Building Surveying Service. The only assets are a motor vehicle and miscellaneous equipment. The Shire's one fifth share of the change over of a vehicle has been expensed.

	2014	2013
	\$	\$
Non-Current Assets		
Plant & Machinery	6,530	6,528
Less: Accumulated Depreciation	<u>(102)</u>	<u>(358)</u>
	<u><u>6,428</u></u>	<u><u>6,170</u></u>

The Shire also has a joint venture with the Shire of Wyalkatchem to fund a medical centre. The asset involved in this joint venture is a motor vehicle. The Shire's one half in the change over of the vehicle has been expensed.

Plant & Equipment	22,816	34,334
Less: Accumulated Depreciation	<u>(3,550)</u>	<u>(22,045)</u>
	<u><u>19,266</u></u>	<u><u>12,289</u></u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
General Purpose Funding	38,381	44,771
Law, Order, Public Safety	581,539	315,412
Health	765,039	552,507
Education and Welfare	64,000	4,240
Housing	4,182,823	1,752,931
Community Amenities	1,272,166	232,880
Recreation and Culture	5,750,045	2,071,098
Transport	57,983,372	56,121,984
Economic Services	557,351	235,777
Other Property and Services	2,867,335	1,202,822
Unallocated	<u>1,099,773</u>	<u>5,695,035</u>
	<u><u>75,161,824</u></u>	<u><u>68,229,457</u></u>

SHIRE OF KOORDA
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FOR THE YEAR ENDED 30TH JUNE 2014

19. FINANCIAL RATIOS	2014	2013	2012
Current Ratio	3.09	2.80	11.94
Asset Sustainability Ratio	1.61	1.80	2.16
Debt Service Cover Ratio	0	0	0
Operating Surplus Ratio	(0.49)	(0.27)	0.22
Own Source Revenue Coverage Ratio	0.47	0.46	0.51

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 56 of this document.

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

20. TRUST FUNDS

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

	Balance 1 July 2013	Amounts Received	Amounts Paid	Balance 30 June 2014
	\$	\$	(\$)	\$
Housing Bonds	8,824	610	(360)	9,074
Drive In	5,859	1,475	0	7,334
Swimming Pool Committee	301	240	(240)	301
Youth Group	630	0	0	630
NEWROC Housing Project				
- Shire of Koorda	771,629	36,282	(795,485)	12,426
- Shire of Mount Marshall	813,272	18,159	(813,038)	18,393
- Shire of Mukinbudin	864,714	19,319	(30,090)	853,943
RRG Chairman's Travel	0	3,540	0	3,540
Councillors Donation	0	604	0	604
	<u>2,465,229</u>			<u>906,245</u>

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

21. 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						
Health						
EHO Vehicle 1	29,901	35,833	25,455	28,333	(4,446)	(7,500)
EHO Vehicle 2	28,759	35,833	27,273	28,333	(1,486)	(7,500)
EHO Vehicle 3		35,834		28,333	0	(7,501)
Transport						
Executive Sedan		31,000		30,500	0	(500)
WS Ford Ranger 1	33,049	31,000	32,455	30,500	(594)	(500)
WS Ford Ranger 2		0		11,000	0	11,000
Navara Ute	3,112	0	3,627	9,000	515	9,000
Hilux Ute		0		50,000	0	50,000
Economic Services						
Ford Ranger (NRM)	29,260	0	22,395	0	(6,865)	0
Other Property & Services						
Executive Vehicle 1	33,622	37,000	34,545	36,667	923	(333)
Executive Vehicle 2	32,340	37,000	34,261	36,667	1,921	(333)
Executive Vehicle 3	31,639	37,000	29,027	36,667	(2,612)	(333)
Admin Sedan	12,658	16,000	16,614	18,000	3,956	2,000
Prime Mover	59,110	0	59,092	0	(18)	0
Building & Improvements						
Write-offs						
Law, Order, Public Safety	434	0	0	0	(434)	0
Health	4,058	0	0	0	(4,058)	0
Housing	7,717	0	0	0	(7,717)	0
Community Amenities	1,408	0	0	0	(1,408)	0
Recreation and Culture	7,212	0	0	0	(7,212)	0
Transport	4,457	0	0	0	(4,457)	0
Economic Services	933	0	0	0	(933)	0
Other Property & Services	5,634	0	0	0	(5,634)	0
Land						
Housing						
Lot 98	0	13,700	0	95,000	0	81,300
Lot 186	0	40,000	0	110,000	0	70,000
Infrastructure Other						
Community Amenities	431	0	0	0	(431)	0
	325,734	350,200	284,744	549,000	(40,990)	198,800

Profit	7,315	223,300
Loss	(48,305)	(24,500)
	<u>(40,990)</u>	<u>198,800</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

The Shire of Koorda has no borrowings.

(b) New Debentures - 2013/14

The Shire had no new debentures raised during 2013/14

(c) Unspent Debentures

There were no unspent debentures at 30 June 2014.

(d) Overdraft

Council established an overdraft facility of \$150,000 in 2012 to assist with short term liquidity requirements.
The balance of the bank overdraft at 1 July 2013 was nil and was not utilised in the 30 June 2014 financial year.

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

23. 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											
General Rate											
Residential	0.0890	119	767,987	68,351	0	0	68,351	68,351	0	0	68,351
Industrial	0.0890	1	5,460	486	0	0	486	486	0	0	486
Commercial	0.0890	12	207,324	18,452	0	0	18,452	18,452	0	0	18,452
Special Rural	0.0890	6	40,664	3,619	0	0	3,619	3,619	0	0	3,619
Unimproved Value Valuations											
Rural	0.0200	224	40,778,550	815,571	0	0	815,571	814,980	0	0	814,980
Mining	0.0200	0	0	0	0	0	0	591	0	0	591
Sub-Totals		362	41,799,985	906,479	0	0	906,479	906,479	0	0	906,479
Minimum Payment	Minimum \$										
Residential	250	4	3,521	1,000	0	0	1,000	1,000	0	0	1,000
Industrial	250	1	162	250	0	0	250	250	0	0	250
Commercial	250	9	15,470	2,250	0	0	2,250	2,250	0	0	2,250
Vacant	250	8	1,344	2,000	0	0	2,000	2,000	0	0	2,000
Special Rural	250	3	2,205	750	0	0	750	750	0	0	750
Unimproved Value Valuations											
Rural	250	8	69,250	2,000	0	0	2,000	2,000	0	0	2,000
Mining	250	7	13,303	1,750	0	0	1,750	1,750	0	0	1,750
Sub-Totals		40	105,255	10,000	0	0	10,000	10,000	0	0	10,000
Ex-Gratia Rates							916,479				916,479
Discounts (refer note 26.)							6,133				6,133
							(62,196)				(67,000)
Total Amount Raised From General Rate							860,416				855,612
Specified Area Rate (refer note 24.)							0				0
Totals							860,416				855,612

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

23. 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>984,366</u>	<u>2,008,399</u>	<u>2,008,399</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	668,843	321,528	321,528
Restricted	4,216,833	5,373,852	5,373,852
Receivables			
Rates Outstanding	32,989	43,683	43,683
Sundry Debtors	43,969	31,723	31,723
GST Receivable	13,841	0	0
Interest Receivable	557	783	783
Inventories			
Fuel and Materials	13,360	13,931	13,931
Less:			
Trade and other Payables			
Sundry Creditors	(49,677)	(60,720)	(60,720)
Accrued Salaries and Wages	(44,265)	(38,072)	0
ATO Liabilities	(22,710)	0	0
Bonds and Deposits	(19,001)	(15,274)	(15,274)
Collections	(31,177)	(13,981)	(13,981)
Short Term Borrowings - overdraft	(58,998)	0	0
Provisions			
Provision for Annual Leave	(172,170)	(164,707)	0
Provision for Long Service Leave	(112,510)	(105,411)	(19,174)
Net Current Assets	<u>4,479,884</u>	<u>5,387,335</u>	<u>5,676,351</u>
Less:			
Reserves - Restricted Cash	(3,799,743)	(3,667,952)	(3,667,952)
Add:			
Provision for Annual Leave	172,170	164,707	0
Provision for Long Service Leave	112,510	105,411	0
Accrued Salaries and Wages	44,265	38,072	0
Non-Cash backed Employee Entitlements	(24,720)	(19,174)	0
Surplus/(Deficit)	<u>984,366</u>	<u>2,008,399</u>	<u>2,008,399</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 KOORDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

24. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

25. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
TV & Satellite Transmission Levy	25	0	5,000	0	5,000
		0	5,000	0	5,000

The Shire did not impose any service charges.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10.00%	62,196	67,000
			62,196	67,000

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

27. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0	6,370	5,500
Interest on Instalments Plan	5.50%	0	0	0
			6,370	5,500

Ratepayers had the option of paying rates in four equal instalments, due on 6th September 2013, 15th November 2014, 16th January 2013 and 16th March 2014. Interest charges are applied for the final three instalments.

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

28. FEES & CHARGES	2014 \$	2013 \$
General Purpose Funding	2,867	7,302
Law, Order, Public Safety	7,878	4,739
Health	102,206	114,570
Housing	157,709	120,977
Community Amenities	148,788	120,363
Recreation and Culture	11,629	10,274
Economic Services	92,847	66,242
Other Property and Services	7,837	12,691
	<u>531,761</u>	<u>457,158</u>

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

29. 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	1,017,594	1,372,942
Non-Operating Grants, Subsidies and Contributions	1,235,408	2,140,635
	<u>2,253,002</u>	<u>3,513,577</u>
By Program:		
General Purpose Funding	838,216	1,731,504
Law, Order, Public Safety	33,782	145,596
Housing	523,824	660,000
Community Amenities	0	8,867
Recreation and Culture	0	134,802
Transport	823,459	791,763
Economic Services	24,450	31,380
Other Property and Services	9,271	9,665
	<u>2,253,002</u>	<u>3,513,577</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>23</u>	<u>22</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2014 \$	2014 Budget \$	2013 \$
Meeting Fees	4,441	11,028	8,970
President's Allowance	7,000	7,000	6,999
Deputy President's Allowance	1,500	1,500	1,500
Travelling Expenses	1,926	6,616	4,505
Telecommunications Allowance	0	0	7,336
	<u>14,867</u>	<u>26,144</u>	<u>29,310</u>

32. MAJOR LAND TRANSACTIONS

There were no major land transactions in 2013/14.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If Council did participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

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

34. 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	4,885,677	5,695,380	4,885,677	5,695,380
Receivables	96,748	76,189	96,748	76,189
	<u>4,982,424</u>	<u>5,771,569</u>	<u>4,982,424</u>	<u>5,771,569</u>
Financial Liabilities				
Payables	166,830	128,047	166,830	128,047
Short Term Borrowings	58,998	0	58,998	0
	<u>225,828</u>	<u>128,047</u>	<u>225,828</u>	<u>128,047</u>

Fair value is determined as follows: □

Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

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

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

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

Another risk associated with cash 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	54,499	49,758
- Statement of Comprehensive Income	54,499 ⁽¹⁾	49,758 ⁽¹⁾

Note:

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

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

34. 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	12.82%	0%
- Overdue	87.18%	100%
Percentage of Other Receivables		
- Current	98.36%	2.38%
- Overdue	84.00%	97.62%

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

34. 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 \$
2014					
Payables	166,830	0	0	166,830	166,830
Borrowings	58,998	0	0	58,998	58,998
	<u>225,828</u>	<u>0</u>	<u>0</u>	<u>225,828</u>	<u>225,828</u>
2013					
Payables	128,047	0	0	128,047	128,047
Borrowings	0	0	0	0	0
	<u>128,047</u>	<u>0</u>	<u>0</u>	<u>128,047</u>	<u>128,047</u>

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

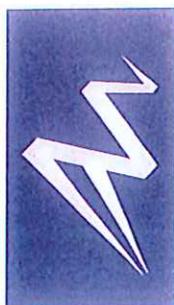
34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Variable Rate								
Bank Overdraft	58,998	0	0	0	0	0	58,998	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Fixed Rate								
Debentures	0	0	0	0	0	0	0	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Year Ended 30 June 2013								
Borrowings								
Variable Rate								
Bank Overdraft	0	0	0	0	0	0	0	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Fixed Rate								
Debentures	0	0	0	0	0	0	0	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF KOORDA

Scope

We have audited the financial report of Shire of Koorda for the year ended 30 June 2014. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Change in Equity, Cash Flow Statement, Rate Setting Statement and accompanying notes to the financial statements.

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

Audit Approach

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

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

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

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

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



We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Koorda.

Independence

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

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

Audit Opinion

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

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2014 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Statutory Compliance

- a) We did not during the course of the audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.
- e) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculations as presented and in our opinion these are:
 - i. Based on verifiable information; and
 - ii. Reasonable assumptions.

Dated the 17th day of September 2014 in Perth, Western Australia

BILLY-JOE THOMAS
Registered Company Auditor

ANDERSON MUNRO & WYLLIE

ANDERSON MUNRO & WYLLIE
Chartered Accountants

**SHIRE OF KOORDA
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. It does not form part of the audited financial report

	2014	2013	2012
Asset Consumption Ratio	0.688	0.774	0
Asset Renewal Funding Ratio	1.221	1.151	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 2012 year have not been reported as financial information is not available.

Prescribed Payments were made during 2013/2014.

One employee, the Chief Executive Officer received a salary of more than \$100,000.

Disability Access & Inclusion Plan

For Year Ended 30 June 2014

Council's future disability service plan was implemented to improve access to buildings and services by those members of our community suffering disabilities of varying natures and degree.

One of the main objectives of the plan is to ensure in the future that all new constructions will have disability access incorporated into the design.

Council will continue to utilise the plan to improve disabled access to existing buildings, public areas, car parks etc and fully support the ongoing training of staff to ensure awareness of the needs for the disabled.

Council continues to monitor their current plan and are considering any additional requirements seen as desirable by Council or the community and ensured it met the key changes between Disability Service Plans and the now legislated, disability access and inclusion plans (DAIP's) has been prepared and adopted by Council.

Council has continued a program of upgrading access to sealed footpaths and some local amenities to ensure that community members utilising "wheel chairs or gophers" are not disadvantaged.

Other facilities not accessible by the disabled have been considered in developing the new plan.

Register of Complaints

For Year Ended 30 June 2014

No complaints were received under Section 5.121 of the Local Government Act 1995 (as amended) for the 2013/2014 financial year.

In accordance with the operating license issued to the Shire of Koorda by the Office of Water Regulation, this Local Government has prepared a report on the operation of the sewerage scheme.

The scheme operated for the period 01/07/2013 to 30/06/2014 with an operating expenditure of \$66,692 and revenue of \$92,625 with the costs being ongoing operational maintenance, and asset management plan.

Council will continue to budget for ongoing operating maintenance, annual sewer cleaning, with the balance of income received being set aside in a Reserve Fund for future requirements.

For the 12 month period to the 30 June 2014 three (4) defect reports were received.

<p>3.2 Role of the Councillor Councillors are elected members of a Local Government working for the community</p>	<p><i>The role of a Councillor is specified in the Act as–</i></p> <ul style="list-style-type: none"> ** <i>To represent the interests of electors, ratepayers and residents of the district;</i> ** <i>To provide leadership and guidance to the community;</i> ** <i>To facilitate communication between the community and the Council; and vice versa</i> ** <i>To participate in the decision-making processes at Council and Committee meetings; and</i> ** <i>To perform functions given to a Councillor by the Act or other laws.</i>
<p>Role of the Council Is the decision maker responsible for :</p>	<ul style="list-style-type: none"> ** <i>Governs the Local Government's affairs of the local government;</i> ** <i>Is responsible for the performance of the Local Government's Functions;</i> ** <i>Oversee the allocation of the Local Government's Finances and Resources;</i> ** <i>Determine the Local Government's policies.</i>

<p>Councillor FJ Storer</p> <p>President 2011 Councillor 2005 Retirement 2017</p> <p>Phone 9684 4088 Fax 9684 4088 PO Box 161 KOORDA 6475</p> <p>Works Committee – Delegate Management Review Committee – Chair Audit Committee – Chair LEMC Committee – Chair Regional Road Sub Group – Delegate GECZWALGA – Delegate RTG – Delegate Natural Resource Management – Delegate NEWHealth – Deputy</p>	<p>Councillor GW Greaves</p> <p>Deputy President 2013 Councillor 2011 Retirement 2015</p> <p>Phone 9684 3015 Fax 9684 3015 PO Box 74 KOORDA 6475</p> <p>Works Committee – Chair Management Review Committee – Deputy Pres Audit Committee – Delegate NEWROC – Deputy Regional Road Sub Group – Deputy GEZWALGA – Delegate NEWHealth – Deputy Local Recreation Liaison – Delegate LEMC – Deputy Bush Fire Advisory – Delegate</p>
--	--

Councillors and Delegates

For the Year Ending 30 June 2014

<p>Councillor JP Brooks</p> <p>Councillor 2005 Retirement 2015</p> <p>Phone 9684 1087 Fax 9684 1188 PO Box 171 KOORDA 6475</p> <p>Management Review Committee – Delegate Audit Committee – Delegate GECZWALGA – Deputy Rural Water Council – Delegate</p>	<p>PORTFOLIO:- Transport & Communication</p> <p>Councillor GO Brooks</p> <p>Councillor 2013 Retirement 2017</p> <p>Phone 9684 1087 Fax 9684 1188 PO Box 171 KOORDA 6475</p> <p>Works Committee – Delegate Building/Recreation/Town Planning Committee – Deputy</p>
<p>PORTFOLIO:- Governance, Administration and Finance</p>	<p>PORTFOLIO:- Education, Welfare and Property</p>
<p>Councillor PL McWha</p> <p>Councillor 2011 Retirement 2015</p> <p>Phone 9684 1196 Fax 9684 1224 PO Box 225 KOORDA 6475</p> <p>Building/Recreation/Town Planning Committee – Delegate Management Review Committee – Delegate NEWHealth – Delegate Local Recreation Liaison – Delegate NEWRec – Delegate</p>	<p>Councillor SE Boyd</p> <p>Councillor 2013 Retirement 2017</p> <p>Phone 9684 1235 Fax 9684 1235 PO Box 2 KOORDA 6475</p> <p>Building/Recreation/Town Planning Committee –President Audit Committee – Delegate NEWHealth – Delegate Local Recreation Liaison – Deputy</p>
<p>PORTFOLIO:- Community Amenities, Environment, Recreation, Culture and Youth</p>	<p>PORTFOLIO:- Transport and Communication</p>

Councillor AD Clarke

Councillor 2011
Retirement 2015

Phone 0429 080 258
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KOORDA 6475

Building/Recreation/Town Planning Committee – Delegate
Works Committee – Deputy
NEWTravel – Delegate
NEWRec – Delegate

PORTFOLIO:- Economic, Other Property & Service and Reserves

National Competition Policy

<p>Competition Reform</p>	<p>National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies, and lead to more efficient use of all economic resources. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.</p> <p>Each local government is required to report its progression achieving NCP reforms in its annual report.</p>
<p>Competitive Neutrality</p>	<p>The objective of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership.</p> <p>Competitive neutrality should apply to all business activities which generate a user-pays income of over \$200,000 unless it can be shown it is not in the public interest.</p> <p>A public benefit test is used to determine if competitive neutrality is in the public interest.</p> <p>This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.</p> <p>Annual reports must show that a public benefit test has been conducted for all significant business activities. They should also provide information on how a decision was reached to implement or not implement competitive neutrality in each case.</p> <p>If competitive neutrality has been found to be in the public interest, the Annual Report must show the schedule for implementing it over the coming year.</p> <p>As the Shire of Koorda does not have any “Significant Business Activities: with an annual user pays income exceeding \$200,000 PA, this negates further action or reporting obligation.</p>

National Competition Policy

Legislation Review

All local governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

There are specific reporting requirements which must be included in the Annual Report, including;

A statement of which local laws have been reviewed, the conclusions of those reviews, and an implementation schedule for any resultant recommendations; Council has commenced the review of its Local Laws.

Reviewing the Operating procedures and Local Laws for the Shire of Koorda confirms legislative requirements are being complied with, as required.

Note: It was intended to complete the review of our Local Laws in accordance with the Local Government Act 1995; during 2011/2012 this will now be completed during 2012/2013.

Structural Reform

The State Government is yet to release any details on structural reform for regional local governments.

The Shire of Koorda has resolved to continue working in a collaborative relationship with the Shires of North Eastern Wheatbelt Organisation of Councils. It is believed that there will be benefits for the these local governments by way of resource sharing.

<p>The State Records Commission Standard 2</p>	<p>Created under the State Records Act 2000, required a Government Organisation to include comment on the following;</p>
<p><i>Whether the efficiency and effectiveness of your record keeping systems has been evaluated or alternatively when such evaluation is proposed?</i></p>	<p>An evaluation of our Record Keeping Plan (RKP) was undertaken by a consultant. The review assessed that our current policies and procedures are in accordance with industry standards and best practice. The current Record Keeping Plan has been reviewed and approved until 2016. A review will be undertaken prior to June 30 2016.</p>
<p><i>The nature and extent of record keeping training program conducted.</i></p>	<p>The consultant conducted appropriate training courses designed to equip users with the knowledge and skills necessary to complete their duties confidently.</p>
<p><i>Whether the efficiency and effectiveness of the record keeping training program has been reviewed or alternatively, how this is planned to be done?</i></p>	<p>The consultant will continue future reviews of our record keeping plan and training programs and make the appropriate recommendations; as or when necessary.</p>
<p><i>Assurance that the organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.</i></p>	<p>The Shire has an induction package for new employees. The presentation and booklet covers records management responsibilities, guidelines, statutory compliance and other related matters.</p>

Information

Address:

The Administration Building, Library and Chambers are located on the corner of Allenby and Haig Streets, Koorda

Postal Address:

The Chief Executive Officer
Shire of Koorda
PO Box 20,
KOORDA WA 6475

Office Hours:

9.00am—4.30pm

Telephone Number:

(08) 9684 1219

Facsimile Number:

(08) 9684 1379

E-mail Address:

David Burton - ceo@koorda.wa.gov.au
Linda Longmuir - dceo@koorda.wa.gov.au
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Lana Foote - admin2@koorda.wa.gov.au
Lois Green - admin3@koorda.wa.gov.au
Darren West - works@koorda.wa.gov.au
Generic - shire@koorda.wa.gov.au

Website:

www.koorda.wa.gov.au

Revenue:

\$3,735,133

Social Media

Find us on FaceBook and Twitter for updated messages and information.

Townships and Localities in Shire:

Koorda, Kulja, Dukin, Mollerin, Badgerin

Area:

2662 km²

Distance from Perth:

238kms

Length of Roads:

Sealed - 245kms
Unsealed - 840kms

Number of Ratable Assessments:

482

Number of Dwellings:

302

Population:

493

Electricity supply Western Power:

Grid system

Sewerage System

Shire owned and maintained

Information

Water Supply:

WAWA

Schools:

Primary, Pre Primary and Play Group.
Bus to Wyalkatchem High School daily

Machinery in Use:

1 x Bobcat and attachments; 1 x Champion Grader; 2 x Volvo Grader; 1 x Ford Tandem Tip Truck; 1 x Isuzu 3t Truck; 1 x Cat 938 Front End Loader; 1 x Volvo L90 Front End Loader; 1 x Cat D4E Dozer; 3 x Isuzu Prime Mover, 2 x 25t Tri Axle Side Tipper; 26T Low Loader; 2 x SPMTR Rollers; 1 x McDonald SP Steel Roller; 1 x Case CX 70 Tractor; 1 x Foton Tractor/Loader; 1 x Water Truck; 1 x Nissan single cab Tip Utility; 1 x Ford 1t ute, 1 x 20t Side tipper, 1 x Holden Colorado Wagon; 1 x Ford 4x4 Crew Cab Utility, 4 x 4 x 2 Ford Crew Cab Utility; 2 x Toyota single cab tip utility; 1 x Vibrating Roller; 1 x 36,000lt tri axle water tanker, 1 x Cherry Picker, 1 x Holden Cruz sedan, other various minor items and equipment

Sporting Facilities:

Football, Cricket, Tennis, Basketball, Hockey, Pistol Shooting
Swimming, Darts, Golf, Bowls, Netball

Local Organisations:

P & C Association, St John Ambulance, Koorda and Kulja Volunteer Bushfire Brigades, Land Conservation District Committee (in recess), Country Women's Association, Music and Dramatic Club, Red Cross, Learning Centre, Agricultural Society, Museum and Historical Society and Community Resource Centre.

Rubbish Removal:

All rubbish removal occurs on Monday commencing at 10.30am. All bins must be out early for collection by 9.30am. Recycling is every second Tuesday of the month.

Fire Breaks

All owners and/or occupiers of land are required to carry out fire prevention work in accordance with this notice on land owned or occupied by you each year on or before the 31 day of October or within fourteen days of the date of you becoming the owner or occupier should this be after the 31 day of October. Fire breaks shall be reasonably maintained until the 15th day of March the following year.

Dog Registrations:

Due on the 1st November, each year.

Unsterilised Dog or Bitch 1 year, three years and lifetime - Sterilised Dog or Bitch 1 year, three years and lifetime. All dogs being registered for the first time must be micro-chipped prior to registration and all other dogs to be micro-chipped prior to 1st November 2015.

Dogs used for tendering stock 1/4 of ordinary fee and pensioners 1/2 of ordinary fee.

Dog owners have an obligation to keep their dogs under control at all times. Dogs wandering at large present a nuisance and a danger to the public.

The Shire carries out dog patrols and response of complaints. (WA Contract Ranger Services).

Information

Dog Impoundments:

The Dog Act provides heavy penalties for owners whose dogs are impounded.

Cat Registrations:

During the year under review the Cat Act 2011 which requires identification, registration and sterilisation of domestic cats. As from the 1st November 2013 will require that all cats that reach the age of 6 months to be microchipped, sterlised and registered with the relevant Local Government.

Local Emergency Management Committee

Police, Shire together with the community manage the training and operation of the Koorda Local Emergency Plan.

Tourist Information:

A well stocked information stand is located in the Shire Office and the Community Resource Centre, local information brochures and maps are also available.

Transport:

Licensing staff are able to assist with all drivers, vehicle, firearm payments or transfers as well as change of address or name.

Health & Building Information:

Council participates in a group health scheme and the Principal Environmental Health Officer/Building Surveyor can be contacted at the Shire Office for any matters concerning health and building.

Medical Practitioner

The doctor is based in Wyalkatchem and appointments can be made at the Wyalkatchem Medical Centre to see the doctor on Wednesdays at the Koorda Health Centre.

Library:

Council has a fully stocked library open from 9.00am to 4.30pm Monday to Friday. New library exchanges are received every month.

