

SHIRE OF MERREDIN

2014/15

Annual Report





Contents

About Us	5
Our Values.....	5
Our Vision.....	6
Our Mission	6
Our Community Vision	7
Our Aspirations	7
Fast Facts.....	9
President’s Message	10
Wheatbelt Communities Inc	10
CEACA.....	10
Major Projects and Events	11
Acknowledgements.....	11
Chief Executive Officer’s Message	12
Community Consultation	12
Compliance	12
Grants and Funding.....	13
Community Works	13
Closing.....	13
Our Council	15
Awards	16
Organisational Structure.....	18
Compliance	19
Access and Inclusion Plan	19
Record Keeping	19
Councillor Remuneration	19
Compliance Audit Return.....	19
Completion of Primary and Annual Returns	20
Local Law Review	20
Register of Complaints of Minor Breach.....	20
Freedom of Information and Public Interest Disclosure.....	20



National Competition Policy	21
Delegations Review.....	21
Executive Remuneration.....	21
Human Resources	22
Traffic and Driver’s Licensing	22
Integrated Strategic Planning and Reporting Framework	23
Our Progress on Strategic Priorities.....	25
Community Funding and Support.....	30
Community Grants	30
Support for community events, organisations and residents	30
Directorate Reports	32
Development Services	32
Planning Service	32
Building Services	32
Ranger Services	32
Volunteer Bushfire Brigades	33
Environmental Health	33
Engineering Services	34
Town Maintenance	34
Road Construction/Maintenance.....	35
Natural Resource Management.....	37
Community Services.....	37
Cummins Theatre.....	38
Community Liaison.....	40
Library Services	42
Visitor Services	44
Recreational Services	47
Financial Statements.....	49



Operation – Field of Poppies

"All the people who took part in this display should be so proud of themselves, it looks fantastic!!"

About Us

The Shire of Merredin covers an area of 3,372sq kms and incorporates the townsites of Burracoppin, Hines Hill and Muntadgin and the localities of Goomarin, Korbel, Nangeenan, Nokanning, Norpa, Nukarni, South Burracoppin and Tandegin.

Merredin was gazetted as a townsite on 16 March 1891, with the first Merredin Road Board being established in 1911-12 and the area was renamed the Shire of Merredin on 1 July 1961.

Merredin is the regional centre for the Central East Wheatbelt and services a hinterland of approximately 15,000 people.

The Shire is bounded by the Shires of Bruce Rock, Kellerberrin, Narembeen, Nungarin, Westonia and Yilgarn.



Our Values

Integrity	Act in an honest, open and accountable manner in all of our activities, ensuring they are equitable and socially just
Participation	Provide genuine opportunities for informed community participation in decision making in a framework of local democracy
Service	Be sensitive and responsive to the needs and aspirations of our community and focusing on customer satisfaction and value for money
Learning	Continue learning from training, our actions and experiences, and continually seeking better and more innovative ways of doing things
Valuing People	Value the contribution that people inside and outside the organisation make to the achievement of the Shire's vision
Commitment	Ensure our actions serve the people of Merredin and its long-term interests
Sustainability	Have a global perspective and ensure our actions minimise the impact on the environment and the resources available for future generations



Our Vision

To be a vibrant regional centre offering a comprehensive range of regional services which improve the quality of life of the people within the Shire and Central Wheatbelt.

Our Mission

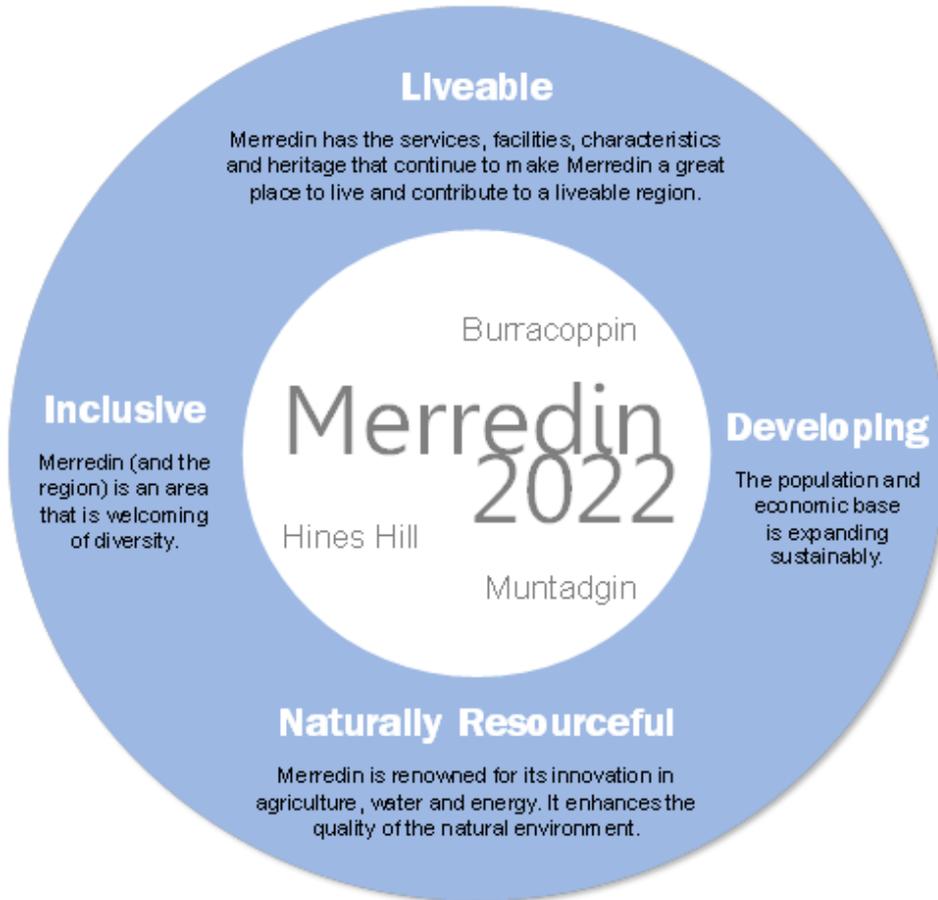
To work with all communities in the Central Wheatbelt to support social and economic development



Shire Administration Office from Roy Little Park



Our Community Vision



Our Aspirations

Council’s Strategic Community Plan is our plan for the future in the Shire of Merredin. The many strategies and actions detail how Council intends to achieve its goals in three Key Result Areas:

Community	<p><i>A great place for people</i></p> <p>Our goal is to develop a united and sustainable community by working collaboratively</p>
Economy	<p><i>A vibrant economy</i></p> <p>Our goal is to be a prosperous, sustainable and beautiful regional centre</p>
Environment	<p><i>A sustainable environment</i></p> <p>Our goal is to ensure a cleaner and safer environment for future generations, through collective responsibility for the protection and management of our built and natural environment</p>



 **estination**
MERREDIN

Fast Facts



Where did my rates go? 2014 / 15



President's Message



"The past year has been a busy and productive one for the Shire of Merredin and I am very pleased to report on the major achievements and events that took place."

Regional collaboration took centre stage this year with the establishment of Wheatbelt Communities Inc and anticipated incorporation of CEACA.

Wheatbelt Communities Inc

The work commenced in 2013 by the Wheatbelt East Regional Organisation of Councils (WEROC), which incorporates the Shires of Bruce Rock, Kellerberrin, Merredin, Westonia and Yilgarn, to establish a separate incorporated body came to fruition with the incorporation of Wheatbelt Communities Inc on 15 April 2015.

Wheatbelt Communities Inc was established to become an overarching entity that could operate without the constraints of the *Local Government Act 1995*. It was intended to create subsidiaries to work with others (both local governments and other mutually interested parties) on projects of joint interest.

Throughout 2015/16 Wheatbelt Communities Inc will be identifying projects, focusing on growing the economic development of the region and enhancing the sustainability of our towns and communities.

CEACA

The Central East Aged Care Alliance (CEACA) project commenced in 2012 as a partnership between 11 Shires in the Central Eastern Wheatbelt designed to build 187 independent living units (ILUs) across the region.

CEACA has the purpose of retaining population in the Central East Wheatbelt by providing the ageing population with the necessary services and infrastructure to remain living in their community of interest. CEACA's key area of activity is in the provision of appropriate housing options that meets the needs of seniors. It also has the potential in the future to provide health and home support services to residents within its communities.

In April 2015 CEACA voted unanimously to approve the establishment of an incorporated body for the purpose of undertaking the CEACA Aged Care Housing Project. Work continues on the application process and it is anticipated that CEACA Inc will be formally established in July 2015.

CEACA is currently awaiting an announcement from the Department of Regional Development whether its application for Royalties for Regions funding of \$2,075,800 for stage 1 (land assembly and servicing) of the project is successful.

An application is also being developed to the Commonwealth under its National Stronger Regions Fund. If successful, the funding will enable the first 8 ILU's to be constructed.

Major Projects and Events

The Shire was successful in obtaining funding of \$50,000 from the Department of Sport and Recreation which contributed towards the cost of replacing the 2 bowling greens at the Merredin Regional Community and Leisure Centre. I would also like to acknowledge the contribution of \$100,000 from Civic Bowling Club towards the project. The total cost of the project was approximately \$240,000 and the works mean the greens should last for at least another 10 years.

Works on the old North Merredin Primary School site continue with the completion of a feasibility study and receipt of the preliminary drawings for its refurbishment. It is anticipated that the library relocation will occur in early 2016. Council is very keen to see this space become a hive of community activity and we are looking forward to the site's future development as a community hub.

In May, the town came to life as "Destination Merredin 2015 – Wartime in the Wheatbelt" was held over the Mother's Day weekend. Hundreds of people attended the various events held throughout the weekend and the organising committee are to be congratulated for all their hard work and effort which ensured everyone had a very enjoyable time. It is pleasing to see the event get bigger and better with every year. With "Music and Memory" the theme for Destination Merredin 2016, it promises to be a fabulous weekend for the town.

Acknowledgements

On behalf of Council, I would like to acknowledge ex-Councillor Trent Thomas, who left us in August 2014, for his time spent on Council and wish him well for his future.

Additionally, I congratulate all members of Council on a productive and cohesive year in local government and commend Shire Officers who have partnered with Council and worked tirelessly to achieve many great results for our community.

Cr Ken Hooper

Shire President



Chief Executive Officer's Message



"I would like to acknowledge the continued effort of the Shire's staff throughout the year."

Compliance had been a feature of 2014/15 as Council's IPR suite becomes embedded in daily organisational processes.

Community Consultation

In 2012/13 our first suite of plans developed to meet the requirements of WA's Integrated Planning and Reporting (IPR) framework were adopted. The plans include the Strategic Community Plan, Asset Management Plan, Corporate Business Plan, Workforce Plan and Long Term Financial Plan. Subsequent to adopting the plans, all local governments are required to undertake a major strategic review of the plans within the first 4 years.

Community consultation sessions (termed the "Around the Table" series) commenced in May 2015 with 15 sessions scheduled focussing on areas such as:

- ✚ Sport and Recreation
- ✚ Community and Culture
- ✚ Economic Development
- ✚ Level of Service
- ✚ Community Services
- ✚ Early Years
- ✚ Youth
- ✚ Seniors
- ✚ Short Term Liveability
- ✚ Service Delivery, Team Building, Policy and Procedure, and Culture



The sessions provide a valuable opportunity for the community to have input into the future direction of Merredin and we look forward to interacting with the community in deciding on what that future may look like.

Compliance

As well as addressing all the usual compliance requirements, a number of additional areas were addressed this year with the review of our Recordkeeping Plan and Equal Opportunity Management Plan 2015-2017. The 8 year review of our Local Laws was also commenced and is expected to be finalised in 2015/16. The IPR Monitoring Review was completed as was the Risk Review.

Grants and Funding

The Shire was successful in obtaining a range of grant funds over 2014/15 with the highlights including:

Grantor	Project	Amount
Department of Transport	Regional Bicycle Network Local Government Grants Program	\$84,000
Wheatbelt Natural Resource Management	Evaporation Prevention Floats at Dam #3	\$130,000
Community Crime Prevention Fund	CBD CCTV Project	\$25,000
LotteryWest	Towards Audience Development	\$45,000
Healthway	Act-Belong-Commit Photography Competition	\$3,000
Dept of Sport & Recreation	Kidsport	\$32,000
Dept of Sport & Recreation	Bowling Green replacement	\$50,000
Collgar Wind Farm	Various community events / facilities	\$8,600
LotteryWest	Destination Merredin 2015	\$10,000
Healthway	MRC&LC Fitness for Fun program	\$5,000
Dept of Water	Completion of Stormwater Harvesting Project at MRC&LC	\$85,540
Dept of Local Government & Communities	Senior's Week event	\$2,000
LotteryWest	Rehearsal Retreat Furniture	\$2,980
Commonwealth Government Financial Assistance Grants	General purpose funds & general purpose (roads) funds	\$2,310,428

Community Works

Merredin is now an RV Friendly Town, with the Memorandum of Understanding between the Shire and the Campervan and Motorhome Club of Australia being signed on 16 October 2014. The nominated sites include Merredin Peak Reserve and the old Golf Club site with self-contained vehicles able to camp for a period of 24hours.



The Merredin Regional Community & Leisure Centre saw further improvements this year, funded in part by Collgar Wind Farm and the Merredin Sports Council, with the installation of a covered BBQ area to the north-western side of the Grandstand Bar. The works were completed in June and the area is expected to get a great deal of use over the summer months.

Closing

In what has been another year of consolidation for the Shire I would like to thank all Councillors and staff who have made a great contribution to the community over the past 12 months, and although we live in challenging times, I am positive Merredin will continue to prosper as the regional centre of the Eastern Wheatbelt.

Greg Powell

Chief Executive Officer



Cummins Theatre



Collgar Wind Farm

Our Council



Cr Ken Hooper
President
Expiry of Term:
17 October 2015

Cr Mark Crees
Deputy President
Expiry of Term:
17 October 2015



Cr Brad Anderson
Expiry of Term:
17 October 2015

Cr Caroline Blakers
Expiry of Term:
21 October 2017



Cr John Flockart
Expiry of Term:
21 October 2017

Cr Dionne Hayes-
Thompson
Expiry of Term:
17 October 2015



Cr Mal Willis
Expiry of Term:
21 October 2017

Cr Maria Young
Expiry of Term:
21 October 2017



Picture not available

Cr Trent Thomas
Expiry of Term:
May 2015

Awards

We're very pleased to announce that the Shire was successful in the following awards:

- + Tidy Towns Central Wheatbelt and Goldfields Regional Award - Water Conservation (September 2014)
- + Tidy Towns WA Water Conservation Award (December 2014)

Water Conservation





State Winner
Water Conservation
Merredin

Merredin is known for agriculture, with approximately 40 per cent of Western Australia's wheat production coming from within a 100-kilometre radius around Merredin. It is situated approximately 260 kilometres east of Perth and is the major commercial and retail centre for the eastern Wheatbelt. Access to water limited the growth in the region; however the Perth to Kalgoorlie pipeline, allowed the region to grow once this reliable water source was established. The town and surrounding farmlands still relies on water from the pipeline.

The Shire has worked for many years to minimise its reliance on scheme water, initiating many water focussed projects. It is a significant accomplishment that the Shire of Merredin can now claim that all their town green spaces are now watered with collected stormwater, with no scheme water being utilised to irrigate their public spaces.

An effective recycling and water saving initiative was the turf relocation from the old lawn tennis courts to the batters of the new hockey and tennis courts, resulting in significant water savings by not establishing new turf. Sub-surface irrigation has also been installed to conserve water. Volunteers from




all the sporting groups, the student residential college and community residents helped move the turf.

The Shire has also closed a dam previously utilised to collect street stormwater, now diverting this water into tanks and utilising it to irrigate grassed areas at the Recreation Centre, therefore reducing water losses from evaporation.

In 2013 the Shire installed a number of evaporation reducing "floating pods" on Dam 4. According to recorded sample measurements this has saved 1.5 million litres of water. A recent report stated that in the 32 weeks from Aug 2013 to March 2014, 1,236 cubic metres of water was saved — a cost saving of approximately \$6,000. The Shire is now planning to install these pods in Dam 3 in the coming financial year.

The Shire of Merredin has recently become the Wheatbelt's first Waterwise Council. The Shire was the 23rd recognised Shire in the State. Demonstrating their commitment to reducing reliance on scheme water, the Shire has reduced their water consumption by 26 per cent since 2008. The Shire implemented a range of measures such as increased wastewater recycling, facility water audits and improved irrigation systems in parks and gardens. In partnership with the Water Corporation, the Shire conducted a water audit at the town cemetery, made a number of reticulation improvements and ran a showerhead swap.

We were also successful in the:

- ✚ WA Regional Award for the Children’s Environmental and Health Local Government (CEHLG) Report Card Project (September 2014)
- ✚ State Winner of the Food Safety and Security category for the CEHLG Report Card Project

The Children’s Environment and Health Local Government Report Card Project Showcase

FOOD SAFETY AND SECURITY

Winner: Shire of Merredin

The Shire of Merredin’s Community Garden Project consists of a 5 year action plan that aims to create a positive environment for young people who aren’t fully engaged in the traditional education system. They achieve this by offering life skills and opportunities to encourage young people to become proud and productive members of the community. Young people have the opportunity to improve their skills surrounding health and wellbeing, with a holistic approach to gaining literacy and numeracy skills through participation in community garden planning.



The Shire of Merredin's Community Garden.

Scarecrows made by children in the Shire of Merredin, for the community garden.



Organisational Structure



Compliance

Access and Inclusion Plan

The *Disabilities Services Act 1993* requires Council to report on its Disability Service Plan achievements within its Annual Report. Many of the identified outcomes and strategies with the Plan are being implemented on an ongoing basis or have been fully implemented.

The Shire's Access and Inclusion Plan was reviewed through extensive community consultation and audit. As a result, the development of the 2015-2020 Plan was undertaken which was adopted for public comment on 19 May 2015 (CMRef 81561).

Works continued during 2014/15 to improve footpaths and access ways around the town-site.

Record Keeping

The Shire continued the consolidation of its Recordkeeping Plan, as required by the *State Records Act 2000*, by processing better practice recordkeeping and compliance within the minimum requirements of State Records Commission. As part of this process a Recordkeeping Policy was adopted on 16 December 2014 (CMRef 81489) and steps to implement a new electronic records management system have commenced.

Councillor Remuneration

In the 2014/15 financial year the following remunerations were made to Councillors:

President (including the President's Allowance)	\$20,600
Deputy President (including the Deputy President's Allowance)	\$10,944
Councillors	\$7,725

Compliance Audit Return

All local governments are required to carry out an annual Compliance Audit Return (CAR) for the period 1 January to 31 December as specified by the *Local Government Act 1995*. The CAR includes a range of compliance categories to be met.

The Shire's CAR was received by Council at its meeting on 17 February 2015 (CMRef 81513) and was subsequently submitted to the Department of Local Government prior to 31 March 2015 in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*.

Completion of Primary and Annual Returns

In accordance with Sections 5.75 and 5.76 of the *Local Government Act 1995* all relevant persons lodged an Annual Return by the due date of 31 August and a Primary Return within 3 months of their start date.

Local Law Review

The Shire commenced the 8 year review of its Local Laws in 2014, with a Discussion Paper developed and discussed at Council's January 2015 meeting. At that meeting, in accordance with Section 3.16(2) of the *Local Government Act 1995*, Council resolved to proceed with and advertise the review of the following Local Laws (CMRef 81507):

-  Activities in Thoroughfares and Public Places and Trading Local Law;
-  Bee Keeping Local Law;
-  Bush Fire Brigades Local Law;
-  Cemeteries Local Law;
-  Dogs Local Law;
-  Extractive Industries Local Law;
-  Fencing Local Law;
-  Health Local Law 1999;
-  Local Government Property Local Law;
-  Parking and Parking Facilities Local Law; and
-  Standing Orders Local Law.

Register of Complaints of Minor Breach

In accordance with Sections 5.53(2) and 5.121 of the *Local Government Act 1995*, the Annual Report is required to disclose the number of complaints of minor breach received each year.

There were no complaints received in 2014/15.

Freedom of Information and Public Interest Disclosure

The Western Australian *Freedom of Information Act 1992* provides the public the right to apply for access to documents held by the Shire. An applicant's right to access cannot be affected by their reason for wishing to obtain the information, nor is there a need for an applicant to provide a reason as to why access is being sought.

Schedule 1 of the *Freedom of Information Act 1992* provides what information is exempt from the requirement to release documents to the public.

The Shire received 2 applications in the current reporting period.

National Competition Policy

Local governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income in excess of \$200,000.

The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership.

Annual Reports must show that a public benefit test has been conducted for all significant businesses activities to determine if competitive neutrality is in the public interest.

As the principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire has none, this therefore does not apply.

Delegations Review

In accordance with Section 5.46 of the *Local Government Act 1995* a review was undertaken of the Shire's Delegation Register during this period, with Council adopting the review at its meeting on 16 September 2015 (CMRef 81440).

Executive Remuneration

Regulation 19B of the *Local Government (Administration) Regulations 1996* states the Annual Report is to include the number of employees entitled to an annual salary of \$100,000 or more, and the number of those employees with an annual salary entitlement that fall within each band of \$10,000 over \$100,000.

As at 30 June 2015 the Shire has one employee entitled to an annual salary more than \$100,000:

Salary Range	Employee(s)
\$100,001 - \$110,000	0
\$110,001 - \$120,000	0
\$120,001 - \$130,000	0
\$130,001 - \$140,000	0
\$140,001 - \$150,000	0
\$150,001 - \$160,000	1
\$160,001 - \$170,000	0
\$170,001 - \$180,000	0
\$180,001 - \$190,000	0
\$190,001 - \$200,000	0

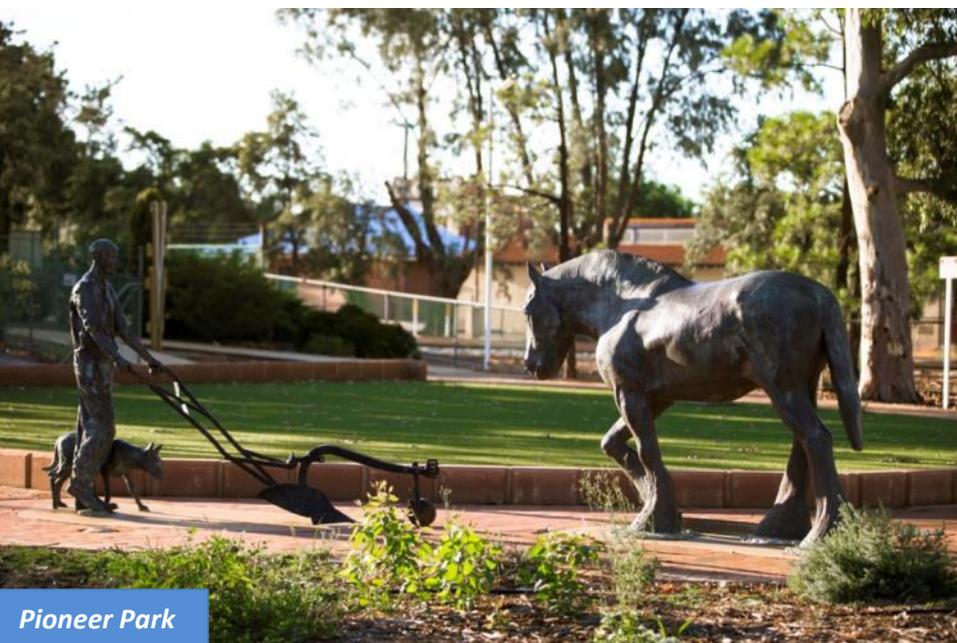
Human Resources

During 2014/15 the number of staff employed with the Shire was 58.14 full time equivalent. In addition, casual staff were employed for the running of identified programs and the Grandstand Bar at the Merredin Regional Community & Leisure Centre.

Traffic and Driver's Licensing

The Shire provides police licensing services on behalf of the Department of Transport. This is an invaluable core service provided to the residents of the Shire.

Over 2014/15 the Licensing Centre processed a considerable number of transactions, with Council commissions totalling approximately \$79,000.



Pioneer Park



Flock of Farmers Display



Men's Shed Launch



Huey has landed - Merredin Military Museum

Integrated Strategic Planning and Reporting Framework

In accordance with the *Local Government Act 1995*, the Shire has developed an Integrated Planning Framework that will allow us to sustainably and strategically meet the needs of our community.

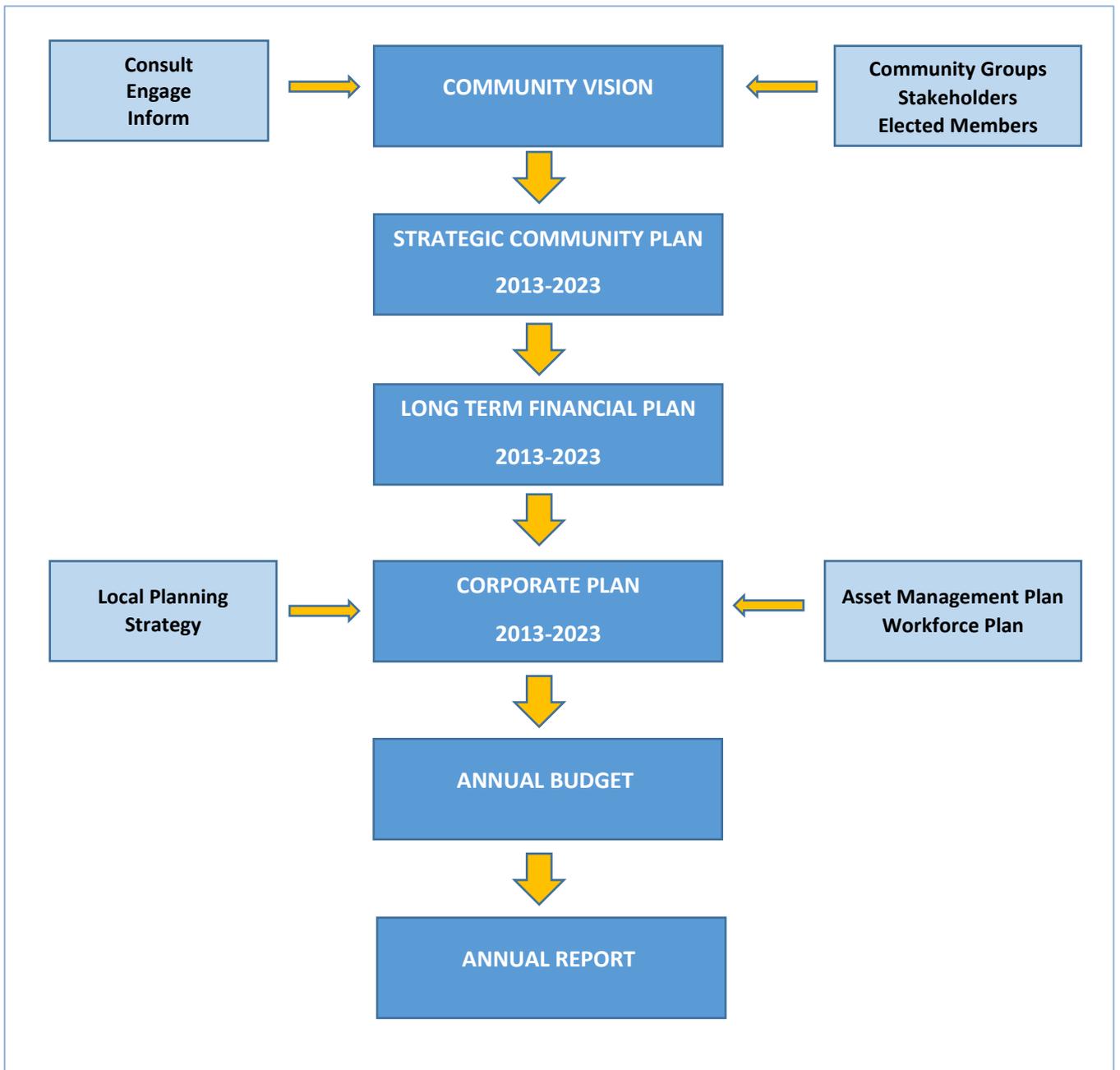
The objective of the framework is to continue to improve the efficiency and effectiveness of its operations with an increased level of community engagement.

The Strategic Community Plan 2013-2023 is the plan to guide Council over the next 10 years. The Plan is broad with a long-term focus and strong emphasis on the community's aspirations, priorities and vision for the future. The Strategic Community Plan 2013-23 informs our Long Term Financial Plan 2013-2023.

At the core of this planning framework is the Corporate Plan 2013-2023 which outlines in detail the projects, services, operations and performance measures required to deliver on the priorities identified in the Strategic Community Plan 2013-2023.



Shire of Merredin's Integrated Planning Framework:



Our Progress on Strategic Priorities

The following tables report on meeting the key directions of the Strategic Community Plan 2013-2023.

STATUS			
 Completed	 Commenced	 Deferred	 Ongoing

Strategic Priority 1

ECONOMIC DEVELOPMENT

INITIATIVE	STATUS	COMMENTS
Develop & implement an economic development strategy		Development of the Central East Sub-Regional Economic Strategy completed in April 2015

Strategic Priority 2

ACCOMMODATION

INITIATIVE	STATUS	COMMENTS
Actively facilitate and encourage short stay accommodation		Land rezoning completed and overnight RV accommodation sites confirmed at Merredin Peak
Investigate achieving RV Friendly Town status		RV Friendly Town status achieved
Regional collaboration on needs assessment and strategy for aged accommodation		Central Eastern Aged Care Alliance continues to work collaboratively to address aged accommodation Development of a business plan completed Funding for the development of stage one secured
Improved standard of housing		Development of two new 2 bedroom houses for the purpose of accommodation for professionals completed

Strategic Priority 3

MEDICAL/HEALTH

INITIATIVE	STATUS	COMMENTS
The Shire will take a proactive advocacy role to support the provision of medical facilities and services to meet the needs of the region		The Shire continues to provide a medical facility under a lease agreement and advocates for the upgrade of infrastructure The provision of executive housing for local doctors continues under lease agreements
Additional support and participation for the Local Health Action Group		Council representation of the Group

Continue to play a facilitative role on the area of aged care	()	Through CEACA, ongoing advocacy for the implementation of services for the ageing Aged Friendly Communities project initiated
Undertake better promotion of the services provided by the Shire	()	Communication and engagement strategies are continued to be actioned for the purpose of informing, engaging and consulting with the community better

Strategic Priority 4

KEY ASSETS

INITIATIVE	STATUS	COMMENTS
Provision of quality roads and footpaths	()	Council continues to implement an expanded annual road and footpath program based on its Asset Management Plan
Opportunities to expand the provision of cycleways will be pursued	()	Regional Bicycle Network established a dual pathway from the highway to the Merredin College
Consolidation and maintenance of recreational and sporting facilities	()	Continued implementation of Council's Asset Management Plan and pursuing consolidation opportunities

Strategic Priority 5

BUILT HERITAGE

INITIATIVE	STATUS	COMMENTS
Protect and enhance Merredin's heritage buildings and features	()	Heritage buildings and features are included in Council's Asset Management Plan

Strategic Priority 6

TOWN ENHANCEMENT

INITIATIVE	STATUS	COMMENTS
Staged upgrade of the CBD	X	Until external funding becomes available this project is deferred
Progressively improving the entry statements and signage	()	Stage one of signage renewal finalised
Enhance streetscaping and signage to achieve a tidy town	()	Signage renewal commenced Redevelopment of War Memorial accomplished
Improve Merredin's distinctive character	()	

Strategic Priority 7

YOUTH

INITIATIVE	STATUS	COMMENTS
The Shire will work with the Youth Advisory Council to support youth-related initiatives	🔄	It was identified that a Youth Advisory Council was not the forum the youth wished to engage with the community Youth are engaged on a project basis
The Shire will work with schools to engage youth	🔄	The Shire continues to develop partnerships with the schools to engage youth in community projects
Involve youth in a more central role in community planning	▶	Effort remains to be made to engage with the youth and provide opportunities to involve them in community planning

Strategic Priority 8

NATURAL ENVIRONMENT

INITIATIVE	STATUS	COMMENTS
Ensure the Shire's practices are environmentally conscious and work within existing frameworks to identify and fund relevant projects	🔄	Processes being built into operating procedures to accommodate environmental needs where possible
Work with local groups to actively encourage the adoption of energy and water efficiency	🔄	The fitting of solar panels at the Recreation Centre and Shire Administration The installation of evaporation pods on Dam 1

Strategic Priority 9

COMMUNITY SPIRIT

INITIATIVE	STATUS	COMMENTS
The Shire will place more effort into ensuring the community is well informed, creating opportunities for community involvement	🔄	The community is kept informed and engaged through a number of mediums Many opportunities for the community involvement was created and included the Poppy Project and Christmas Banners
The Shire will support events and activities that encourage and enhance community pride and cohesion	🔄	A number of events and activities are supported and initiated by the Shire Two new events included Harmony Food Festival and Trash to Treasure Day

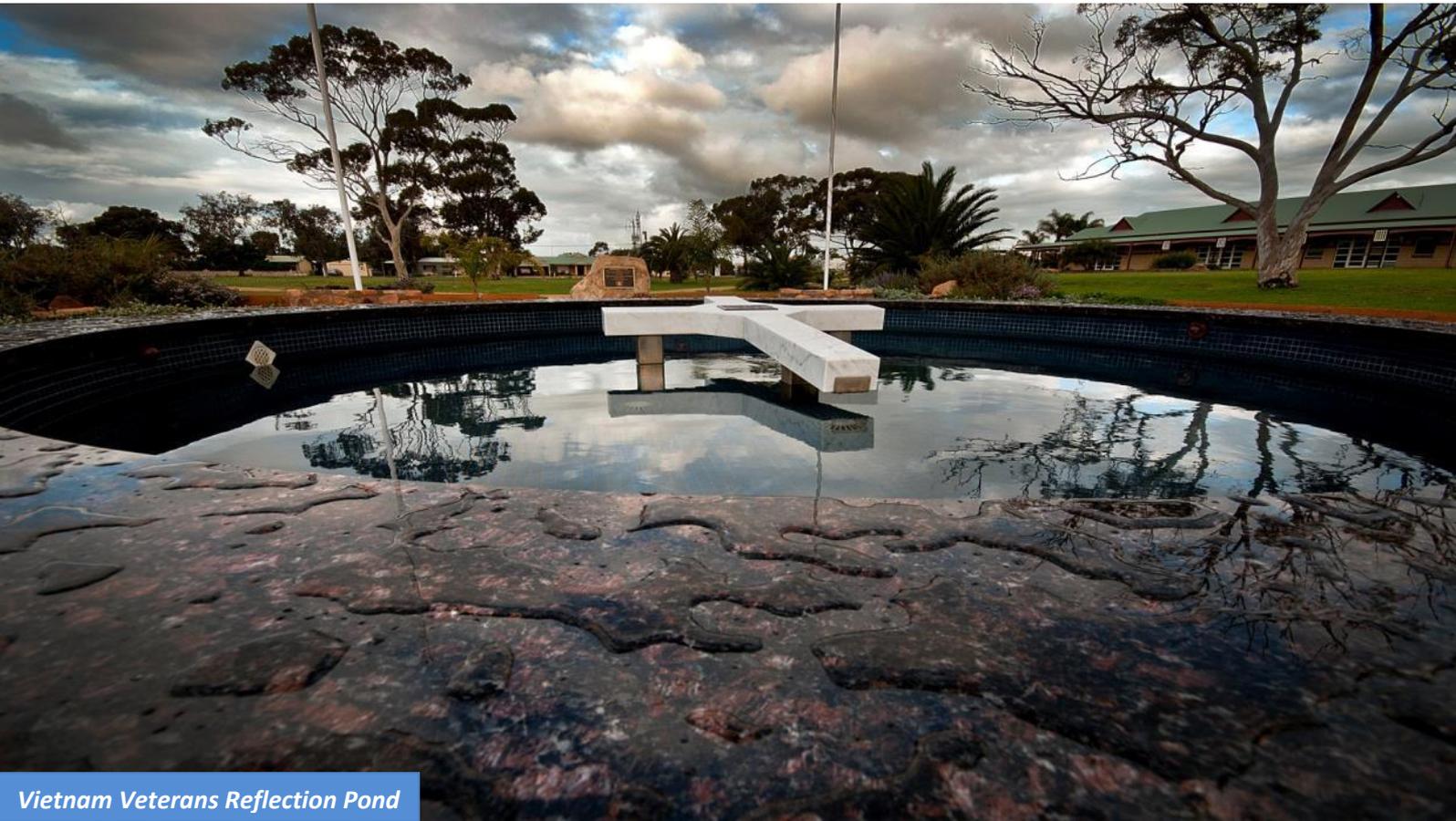
Strategic Priority 10

CIVIC LEADERSHIP/ADVOCACY/REGIONAL COLLABORATION

INITIATIVE	STATUS	COMMENTS
Implement plans and report on progress to the community	🔄	The community is regularly updated on initiatives, issues and concerns through several mediums
Collaborate with neighbouring Shires for the benefit of the whole region	🔄	The Shire collaborates through WEROC and CEACA in undertaking regional initiatives
Seek external recognition, support and funding for Merredin's ongoing development	🔄	The Shire seeks external support and funding for a variety of initiatives
Advocate for state infrastructural and service investments to enhance the functioning of the Eastern Wheatbelt	🔄	Advocating is ongoing and opportunities actively sought to engage with relevant parties
Investigate the establishment of a Community Investment Fund to enable sustainable economic development	✗	Investigations are yet to commence



Mel Wahlsten Book Launch



Vietnam Veterans Reflection Pond



Merredin Peak

Community Funding and Support

Community Grants

Each year Council allocates funds to various not-for-profit organisations which operate within the Shire. The Community Grant Scheme is designed to provide benefits to Shire residents through recreational, sporting, social or cultural means.

In 2014/15 three community groups were beneficiaries of \$14,052 in funding towards a number of very worthy projects. The recipients were:

Recipient	Project	Amount
Merredin Community Resource Centre	Hosting 2 volunteer events	\$1,452
Merredin Men's Shed	Installation of 4 water tanks	\$7,600
Merredin Playgroup	Upgrade of outdoor facility	\$5,000

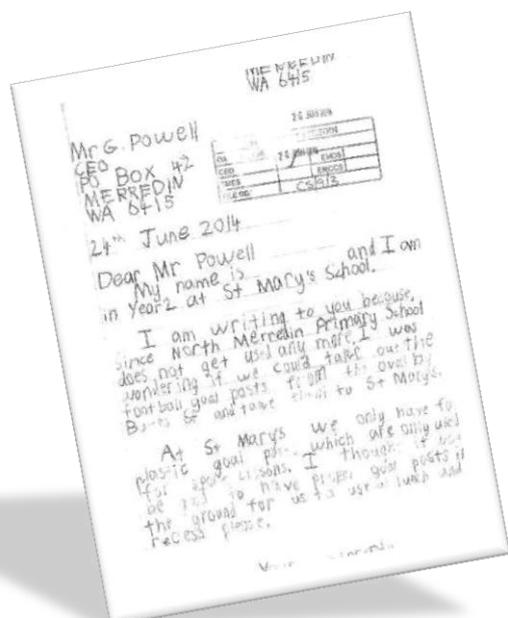
Support for community events, organisations and residents

The Shire provided financial support towards a number of community events including:

Recipient	Amount
Merredin Agricultural Show	\$9,111
Mangowine Community Concert	\$200

The Shire also provided financial support for the following organisations:

Recipient	Amount
Merredin College Chaplaincy Program	\$3,000
Notre Dame Medical Students Visitation Program	\$2,500
John Curtin Volunteer Weekend	\$500
Eastern Agricultural Districts Display	\$525
Merredin College Scholarship	\$1,000
Variety – The Children's Charity of WA	\$500





Banners in the Terrace



Skate Park Competition



Simmo's Urban Art – Merredin Pool

Directorate Reports

Development Services

Planning Service

The Shire utilises in-house experience for assessment of planning applications. A planning consultant is engaged where required to assist with applications received and where amendments to the Local Planning Scheme are proposed.

Amendment Three was resolved at Council's November 2014 meeting relating to the South Merredin Primary School site to permit a wider range of uses within the residential area of the townsite (CMRef 81463).

Amendment Four to Local Planning Scheme No.6, to permit grouped housing in general rural zones, remove inconsistencies within the Burracoppin townsite and to rezone North Merredin Primary School site to permit residential development is underway.

During the previous 12 months Council agreed to 16 proposed developments with an estimated value of approximately \$3 million. Developments included new class 8 industrial buildings and grouped housing.

Building Services

The Shire utilises an in-house building surveyor to assess building applications received. The Shire also provides this service to 8 other regional local governments.

A building permit is required for all works, other than those listed in Schedule 4 Clause 2 of the *Building Regulations 2012*, and includes dwellings, dwelling additions, outbuildings within the town sites, roof replacement, placement of a ducted air conditioner on a roof, any water tank above 5,000l within the town sites, retaining walls above 500mm, and masts and antennas above 2m in height attached to the building or 3m if free standing.

The Shire provides a certification process for class 1 and 10 applications. Buildings of class 2 to 9 are required to be submitted as certified applications. Levies apply to the issue of the building permits. The Shire acts solely as a collection agency for the State Government.

For the 2014/15 financial year Council received 38 building applications, 2 requests for retrospective approval and 4 demolition permit applications with a value of approximately \$3.5 million. 7 new dwellings were approved.

Ranger Services

The Shire provides a Ranger service to the Shires of Bruce Rock, Corrigin, Nungarin and Westonia, in addition to duties within Merredin. This service is provided one day per week.

The Ranger can assist with dog and cat matters, local laws, bushfire brigade matters, interference with Council buildings and refuse/unauthorised disposal matters.

During 2014/15, 39 dog complaints were received and resolved. Dog attacks accounted for 14 complaints. It is important for people involved in a dog attack to contact the Ranger as soon as possible after an attack occurs. Where matters are properly reported, prompt action to address the matter can occur.

Volunteer Bushfire Brigades

During the fire season the brigades attended 5 fires and 2 false alarms arising from the lights of the power substation, which at night can be seen from Great Eastern Highway.

New compliance regimes from the Department of Fire and Emergency Services were introduced including weighing of the vehicles and access to fire-grounds by volunteers and others. Fire flashover blankets have been fitted to all bushfire brigade vehicles and deluge systems will be retrofitted by the Department of Fire and Emergency Services as budgets allow.

Environmental Health

The Shire utilises an in-house Environmental Health Officer to provide services to the Shire. The Shire also provides this service to one other regional local government.

During the reporting period the following major projects were completed:

- ✚ *I'm Alert* online food safety training - implemented in 2011 after a successful campaign, the training aims to ensure all community groups and food businesses are producing safe and suitable food for fundraising purposes. There are now over 407 people who have completed the online course. 98 people completed the training in 2014/15.
- ✚ Garage Sale Trail – held in October 2014, the event was a success with over 40 stallholders and over 300 members of the community participating.
- ✚ drumMUSTER program was adopted by the Shire.
- ✚ Tobacco Control project - Bali flags were purchased for the MRC&LC with the “No smoking in this area” message displayed. The equipment is also able to be utilised at sporting events around Merredin.



Engineering Services

The Shire continued its commitment towards enhancing the roads, footpaths, drainage infrastructure and parks and gardens within the Shire through its own resources (O/R) and other external funding sources such as:

- ✚ Roads to Recovery (R2R2)
- ✚ State Blackspot (SBSF)
- ✚ Grain Freight Network (GFN)
- ✚ Regional Road Group (RRG); and
- ✚ Regional Bicycle Network (RBN).



Town Maintenance

The Crew had a busy and productive year carrying on with their set duties of mowing, slashing and spraying of all town-sites within the Shire.

The Crew also designed and remodelled the Memorial Rose Garden and Cenotaph to commemorate the centenary of ANZAC Day, with the existing roses transplanted to the rear of the Administration Centre. The original garden bed was then extended and 62 Gallipoli roses planted. The area was brick paved in a cross with new LED lighting installed.

The town oval had a total overhaul with it being verti-drained and verti-mowed to dethatch and aerate the grass.

The sand under the playground equipment in all parks within the Merredin town-site was replaced to aid with the softfall areas.



Road Construction/Maintenance

Own Resources (O/R)	
Footpath Construction	
Priestly Street	Construct and concrete
Pioneer Road	Construct and concrete
Road Construction	
Hooper Road	3km trial Polycom product
Collgar South Road	Clear verges and gravel re-sheet
Depot Dam Road	Clear verges and gravel re-sheet
Hendricks Road	Clear verges and gravel re-sheet
Miaolo Way	Bitumen re-seal
Whitfield Way	Bitumen re-seal
McGellin Road	Clear verges and gravel re-sheet
General Maintenance	
Harvest Damage	
Bitumen Patching	
Total Cost – O/R	\$1,778,948

Regional Bicycle Network (RBN)	
Construction	
Allenby Street	Dual use pathway
Kitchener Road	Dual use pathway
Woolgar Avenue	Dual use pathway
Total Cost - RBN	\$81,277

Grain Freight Network (GFN)	
Maintenance	
Merredin / Narembeen Road	Re-seal 27.8km
Total Cost - GFN	\$312,789

Regional Road Group (RRG)	
Construction/Maintenance	
Chandler/Merredin Road	Re-construct and seal
Doodlakine/Bruce Rock Road	Re-construct and seal
Total Cost - RRG	\$549,532

Roads to Recovery 2 (R2R2)	
Construction/Maintenance	
Gamenya Avenue	Re-construct and seal
Nangeenan North Road	Re-seal
Total Cost – R2R2	\$349,159

State Black Spot Funding (SBSF)	
Construction/Maintenance	
Totadgin Hall Road	Works postponed to 2015/16 due to land acquisition delays
Total Cost - SBSF	\$341,313



Polycom Trial on Hooper Road



Natural Resource Management

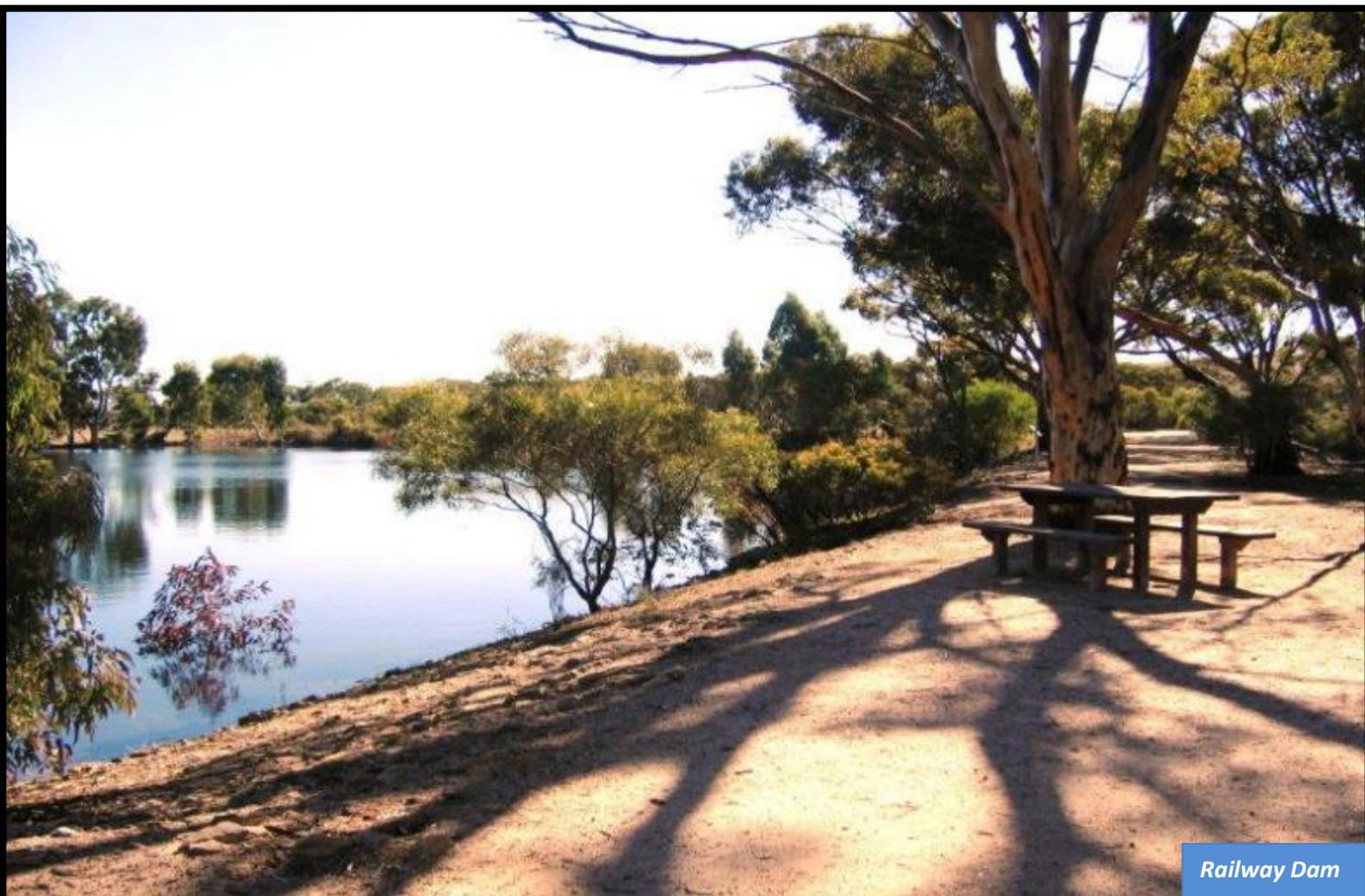
Mr Sabin Acharya resigned his position as Natural Resource Management Officer (NRMO) and Mr Dylan Copeland was contracted to carry out the duties of NRMO for one day per week.

The Shire is one of fourteen Wheatbelt Shires delivering the Federally-funded, multi-year *Connecting Biodiversity across the Wheatbelt of Western Australia* project. Following on from the four land managers within the Shire to participate in Round 1, the second year saw a further five land managers take part. The land managers received a combined total of \$45,000 for fencing of remnant vegetation and \$5,415 for pest animal management activities.

Monitoring and inspection duties undertaken during 2014/15 included the Shire's Production Bores and known Skeleton Weed infestation sites throughout the Shire. Rabbit populations at the Golf Course were also monitored and bait was laid in problem areas.

The \$130,000 received from the Wheatbelt NRM Stormwater Reuse Grants programme was used to install evaporation reduction modules on Dam #1 in January. The progress report and final acquittal were accepted.

In accordance with Shire policy, roadsides were inspected for available firewood and eight permits were issued.



Railway Dam

Community Services

Cummins Theatre

The Theatre enjoyed a successful year with many initiatives now in place to ensure the logistical and financial viability of the Theatre for future years, enabling it to continue to be Merredin's premiere venue for live events and community entertainment.

2015 saw Cummins Theatre move away from 100% brought shows/events and dedicate half of the programming budget on fostering and supporting local talent. With this goal in mind, 2015 saw the implementation of 2 new exciting initiatives for the Theatre.

The Rehearsal Retreat

The rehearsal retreat is a fully furnished 5 bedroom house, located within walking distance of the Theatre, and is utilised as accommodation for visiting artists, directors, educators and touring groups. Its primary use has been to accommodate visiting teachers and directors who have been working with local children and aspiring actors from around town to help them realise their creative goals.

The expansion and upkeep of the rehearsal retreat has allowed Cummins Theatre to develop stronger ties with the existing Australian arts community, and also attract artists and educators of an international calibre to Merredin for extended periods of time (as we previously did not have the budget to accommodate artists and educators for extended periods of time).

The rehearsal retreat has played a positive and pivotal role in contract negotiations for events extending as far as late 2016. The rehearsal retreat has also assisted in funding applications as the Theatre and Shire are looked upon favourably for providing accommodation to visiting artists and educators. Without the rehearsal retreat, Cummins Kids events would be almost impossible to implement financially.

Cummins Kids

Perhaps our proudest initiative to date, Cummins Kids was founded in 2015 by the Shire and Cummins Theatre. It is an initiative designed to provide high quality yet low cost (often free) creative educational opportunities to children in Merredin and its surrounds. Cummins Kids aims to provide at least 3 performing arts/artistic workshops/events per year, and often provides additional activities for the school holidays. Cummins Kids is committed to fostering self-esteem, mental wellbeing, literacy skills, confidence and social skills by exposing children to various forms of performing arts.

Due to the rehearsal retreat and our partners, Lotterywest, Cummins Kids is able to provide the youth of Merredin with access to inspiring industry professionals from around the world to learn from. Children receive a high quality, structured syllabus and high quality instructors at little to no charge.

Cummins Kids events have included:

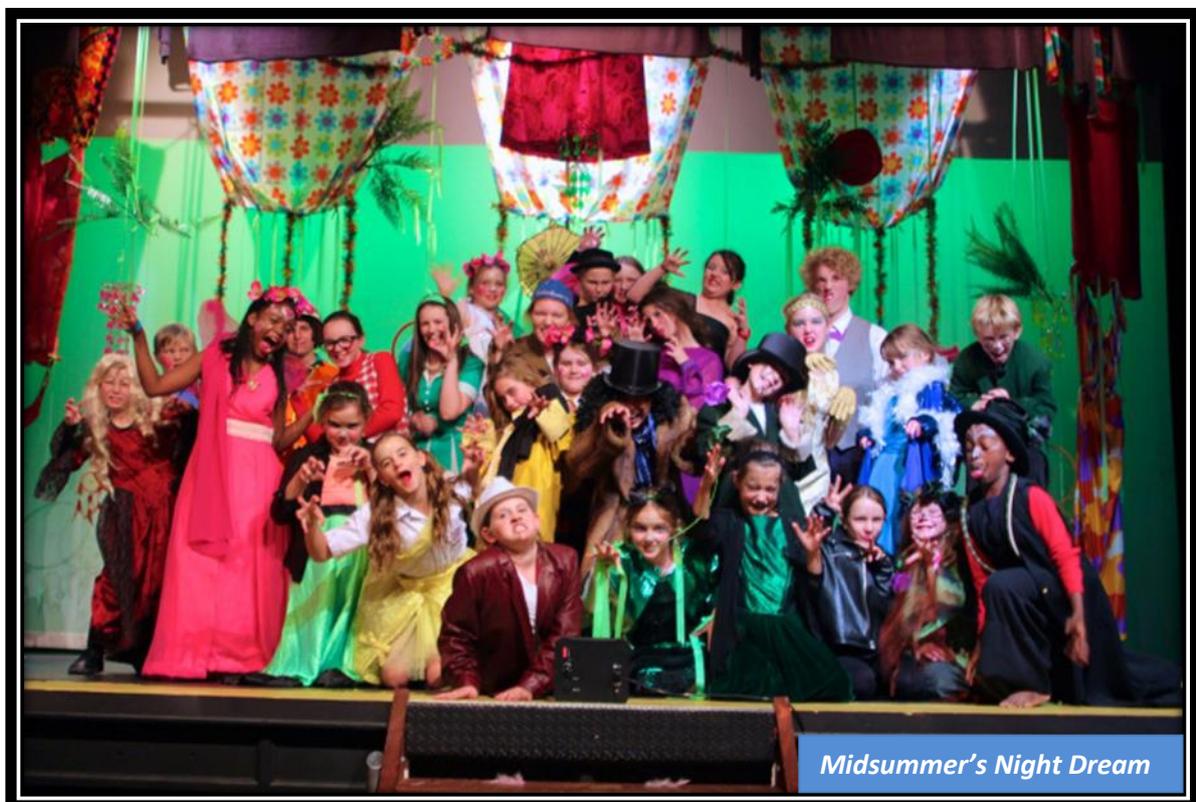
- ✚ A two week Shakespeare workshop led by Shakespeare expert and educator Stephanie Foster culminating in a performance by 30 children in *a Midsummernight's Dream*
- ✚ An interactive presentation of "*The Lion, The Witch and the Wardrobe*" by Cut Glass Theatre

Upcoming Cummins Kids events include:

- ✚ A one week improvisational drama class led by international improv performer and educator, Megan Anderson, culminating in a small showcase
- ✚ A free 1 week filmmaking workshop over the school holidays, where students' films are professionally edited and presented in a red carpet screening as part of the International Youth Silent Film Festival
- ✚ A live presentation of International Fairytales for Harmony Day in March 2016

Funding

The Theatre has been working towards reducing financial loss and has more than doubled the amount of funding applications submitted in 2014, and quadrupled that which were submitted in 2013. Funding bodies such as Country Arts, CAN and Lotterywest are responding positively to the Cummins Kids initiative as an exciting and innovative form of audience development and community engagement. With many more projects planned for 2016 and a passionate and newly appointed manager at the helm, the future of the Theatre looks bright.



Community Liaison

A wide range of events were held throughout the year and included:

- ✚ Skate park competition and skills clinic for our youth held in January
- ✚ Teenage workshop on skin care, hair and clothing style, makeup, nutrition and life coaching held during the April school holidays
- ✚ Urban art project involving our youth at the swimming pool
- ✚ Seniors Dinner with a Beatles tribute band and dinner show held in November
- ✚ Trash to Treasure Day featuring 28 car boot sales and recycling projects with music and markets
- ✚ ANZAC Day 2015 – Centenary of the First World War; two services were held as well as a community variety concert
- ✚ Community Outdoor Movies – 3 events were held at the pool for families and included swimming, a BBQ and movie
- ✚ Harmony Day – chalk flag greetings were painted on the footpath and an international food festival was held in March
- ✚ Destination Merredin 2015 – “Wartime in the Wheatbelt” themed and held over the Mother’s Day weekend. Activities included kite making workshops for the children, a stage production of *The Lion, the Witch and the Wardrobe*, a cabaret dine and dance show with military band, street parade of military band and vehicles, fashion display and horses, carrier pigeon messages, street dancers, markets, a combined church service, family picnic, games and a photo booth, vintage cars, bus tours, old skills demonstrations as well as a “rations” lunch
- ✚ Gala Night – our annual Christmas themed street event held in December which is always well supported
- ✚ Australia Day - two events were held this year, a sunrise breakfast on Merredin Peak in collaboration with the Hands for Earth group followed by a family day at the pool with BBQ, music, water games and movies at night



Community Work Team

The team completed two heritage trails throughout the township which were opened in March 2015.

We are fortunate to have two teams of people working on projects in 2015/16.



Community Projects

Community Garden Project – this has progressed well with the area now planted in trees, garden beds in place and the group following a permaculture plan to make the most of the climatic conditions of Merredin. The project has been gaining momentum within the community as the group held several open days, working bees and demonstration/workshop days throughout the year. A grant of \$10,000 was auspiced through the Merredin Men’s Shed and will be spent by March 2016.

Christmas Street Decoration Banners – this project made 12 new street banners in a stained glass window concept. Over 1,500 hours of volunteers labour went into the project.



Operation Field of Poppies – a community development project to make 10,000 poppies and plant them on Great Eastern Highway. The project was a huge success and is eagerly anticipated in lead up to ANZAC Day 2016. The poppies are being stored and will be ‘planted’ again each year until 2017.

Merrit Trees – people have volunteered to try growing seedlings of these trees with the aim to replenish the stocks of trees around the Shire. St Mary’s Primary School have also taken on the project.

Community Awards

The Shire received the WA Tidy Towns Award for Water Conservation and won the WA Regional Award for the Children’s Environmental and Health Local Government Report Card project.

Library Services

Merredin Regional Library once again continued its regional support of libraries in the Wheatbelt Shires of Bruce Rock, Kellerberrin, Mt Marshall, Mukinbudin, Narembreen, Nungarin, Trayning, Westonia and Yilgarn.

The support offered is outlined in an Annual Activity Plan, funded by the State Library of Western Australia and the participating local governments, and includes staff training, workshops, meetings and remote assistance with library operations and lending.

The Library continues to engage the community with a number of activities organised throughout the year, many in collaboration with other agencies in Merredin. These included:

- ✚ Storytime sessions held at the Library on Fridays, Merredin Playgroup in conjunction with Amity Health on Thursday and alternate Fridays and monthly at MADCAPS
- ✚ Participation in the Family Fun Day held quarterly by Amity Health
- ✚ Continuing involvement with the *Tales of Times Past* Senior Storytellers, including assisting the group to publish a book of local sayings
- ✚ Running the National Simultaneous Storytime with participation from 4 classes at Merredin College
- ✚ Visiting author talks including Karina McRoberts, Linda Bettenay, Rachel Johns and Fiona Palmer
- ✚ The Typewriter Tour, including the old typewriter that belonged to WA author Tom Collins, by Peter Bibby and Vivienne Glance
- ✚ Book launch by Diane Mastores and illustrated by local Mel Wahlsten
- ✚ Participation in the Destination Merredin Festival including the collation of photo boards
- ✚ Participation in the Memory House project run by the State Library of Western Australia
- ✚ A successful Pink Morning Tea which raised over \$450 for breast cancer research
- ✚ Raising over \$200 for Jeans for Genes Day which raises awareness for gene research
- ✚ Well attended holiday programs run in July, September and April, including participation in the Operation Poppies project with over 200 poppies being made by Merredin children
- ✚ Introduction of fortnightly Merredin Library puzzle sheets to help stave off the deterioration of mental capacity
- ✚ Increase in donation of Merredin memorabilia and expansion of the library historical collection

Library staff have also been involved in discussions regarding the relocation of the library to the North Merredin Primary School site. It is hoped the library will move in early 2016.

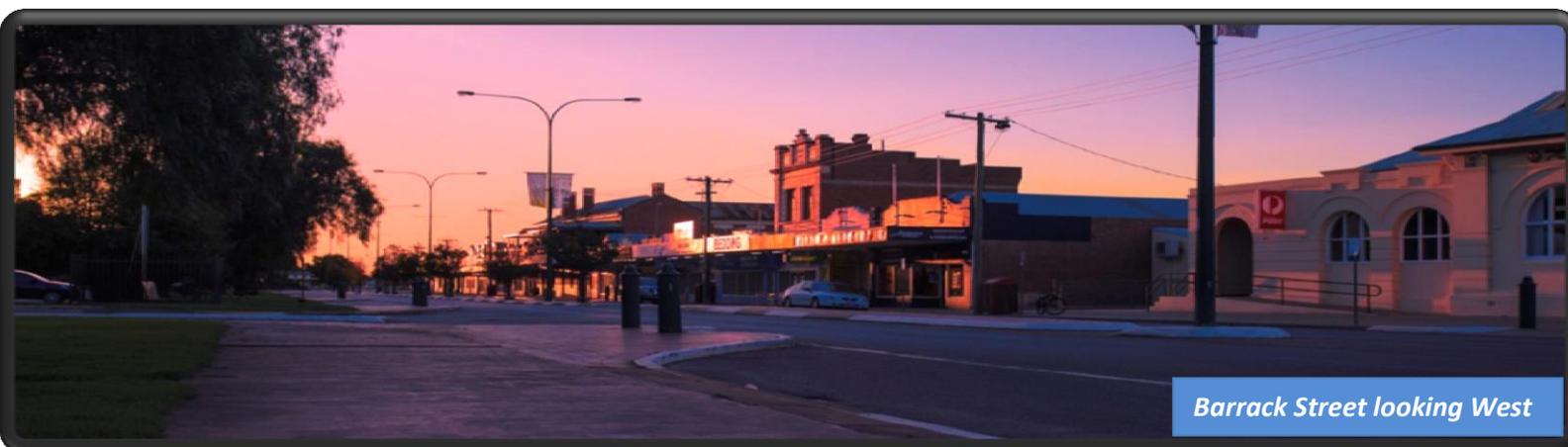
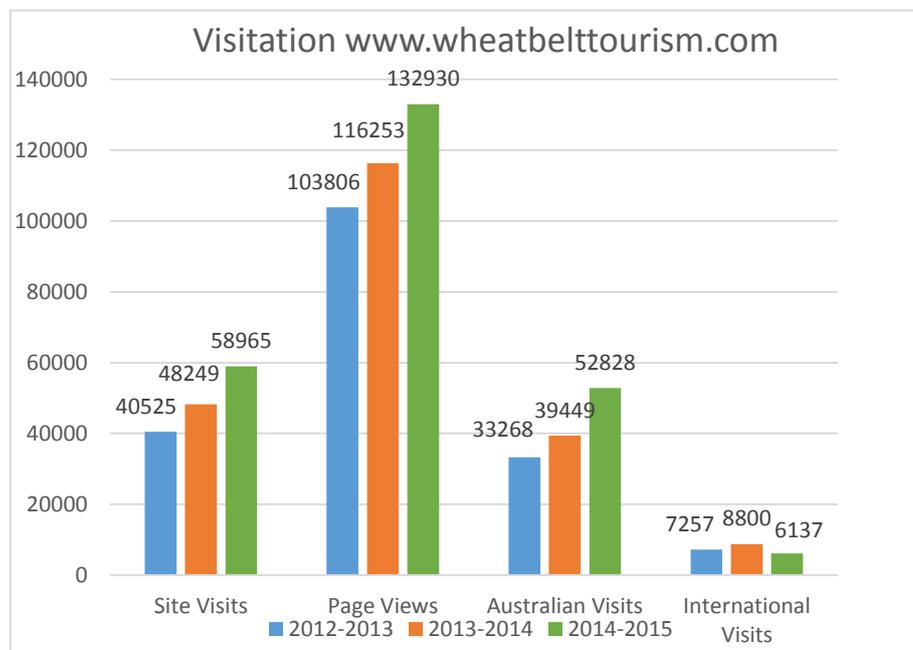
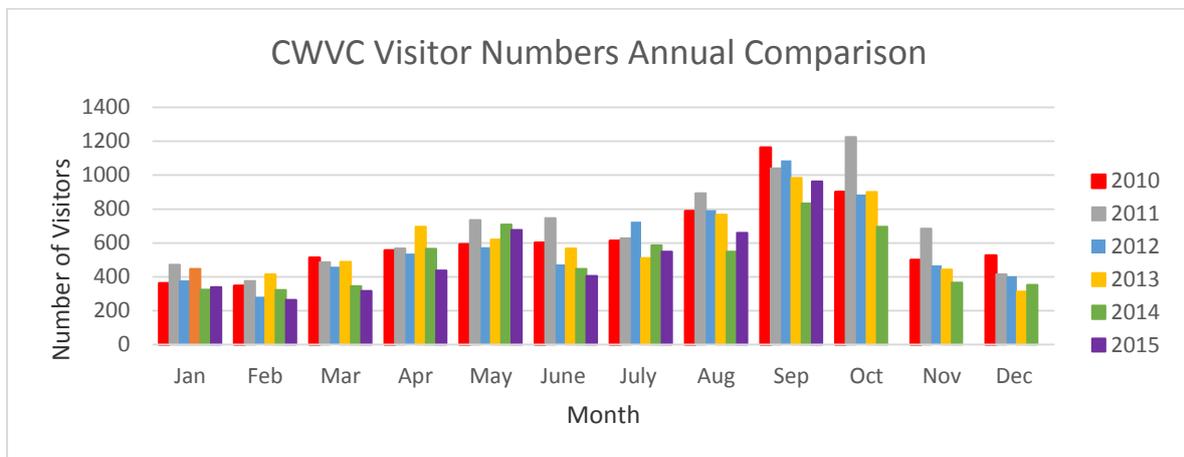
The expansion of the Western Australian Public Libraries Digital Media Collection introduced free e-audiobooks and free e-magazines to the free e-books already offered to library members.

The Merredin Library continues to offer its catalogue online for library members, allowing them not only to search the library catalogue from home, but also to renew their borrowed items online. The library catalogue can be accessed at <http://www.merredin.wa.gov.au/library-services.aspx> . Library members should ask library staff about how to renew their items online.



Visitor Services

The Central Wheatbelt Visitors Centre (CWVC) continues to be the predominant visitor servicing point for Merredin and the Eastern Wheatbelt region.



Barrack Street looking West

Australia's Golden Outback (AGO)/Wheatbelt Perth and Interstate Trade Shows

The CWVC continues support for regional tourism promotion:

- ✚ 2014 Perth Caravan and Camping Show, a shared responsibility with regional tourism groups under the 2014/15 Memorandum of Understanding (MoU)
- ✚ 2015 NSW Caravan and Camping Super Show
- ✚ The CWVC Manager is the current Wheatbelt Representative on the Australia's Golden Outback Board with the two year term expiring at the October 2015 AGM

Advertising – Annual Publications & Brochures

The CWVC continues to support annual marketing tools for the promotion of Merredin including:

- ✚ Australia's Golden Outback Holiday Planner – Wheatbelt Self-Drive Trails
 - Golden Pipeline Heritage Trail and Pioneers' Pathway
 - Shire of Merredin full page editorial
- ✚ Cooks Tours '*Beautiful South*'
- ✚ WA Accommodation and Tours listing
- ✚ Merredin and Surrounding Districts Community Phone Directory



AGO Cooperative Advertising - Weekend West Australian and Sunday Times Travel

The CWVC has worked closely with AGO and a number of new initiatives in joint promotional features and marketing opportunities have been carried out with successful visitor enquiries and brochure requests featuring:

- ✚ Wheatbelt Self Drive Trails
- ✚ Wheatbelt Wildflowers
- ✚ Wheatbelt B & B's



Retail and Consignment Stock

- ✚ Initiated production of Merredin silk scarves using Merredin Fine Art's artist Jo Millington's Banners in the Terrace 2013 design
- ✚ Purchased new glass display cases
- ✚ Increased consignment stock from local suppliers

Regional Tourism Promotion

- ✚ Produced and coordinated advertising Prospectus for Edition 3 of *The Eastern Wheatbelt WA – A Visitors' Guide* reprint for 20 Eastern Wheatbelt Shires
- ✚ Assisted the CWVC MoU Working Group to complete the Eastern Wheatbelt Tourism Strategic Plan 2015-2017
- ✚ Continue to coordinate and compile the monthly Events Calendar which is distributed to the Eastern Wheatbelt email network and uploaded to the website

Local Initiatives

- ✚ Assisted with the organisation and regional promotion of Destination Merredin 2015. The CWVC was the dedicated booking point for event ticketing
- ✚ Audited and upgraded the Shire noticeboards installed on Barrack Street's timber rubbish bins to improve the promotion of Shire events
- ✚ Assisted with the promotion of Njaki Njaki Aboriginal Cultural Tours to Merredin Peak Reserve
- ✚ Audited and upgraded RV Friendly Town signage for the short stay parking, directional signage to Merredin Peak RV 24 hour self-contained overnight site and town entries increasing visitation and enquiries to the site
- ✚ Hosted a WWI military display to coincide with both the Centenary of ANZAC and 2015 Destination Merredin 2015 military theme
- ✚ Hosted a Western Reptile Rescue Inc. wildlife display to raise public awareness



Participation in Local Events

CWVC staff continue to support and participate in annual events which provide public awareness to the Shire's partnership with agencies and the CWVC as a community service including:

- ✚ Participated in the Spare Parts Puppets community project "100 Flock of Farmers" which was displayed on the CWVC lawn with the CWVC retaining 2 of the "farmers"
- ✚ Hosted a cooperative photography exhibition for the Merredin Camera Club and Primary Health
- ✚ Held a Christmas Crafters Stall at the MRC&LC promoting historical publications
- ✚ Open for Gala Night, the community's Christmas celebration
- ✚ Open on Saturday during the Destination Merredin 2015 event

Recreational Services

It has been an exciting and successful year at the Merredin Regional Community and Leisure Centre (MRC&LC) with many of Merredin's sporting teams making the finals and some winning championships.

We reached agreement with our sporting clubs on a new fee structure that everyone is happy with. With this new structure locked in for the next five years sporting clubs can now budget the cost of running their club and move forward.

Over the past year the following new facilities were installed:

- ✚ bowling greens
- ✚ solar panels
- ✚ undercover BBQ area
- ✚ Tennis & Hockey shelter



There has been a big increase in numbers in some of our sports with the new surfaces proving very popular. Junior hockey numbers are at an all-time high and bowls numbers are gradually increasing with the new bowling surface proving very popular.

Programs

The resignation of our long-term programs co-ordinator in March 2015 resulted in a restructure of the programs being offered.

With funding from Healthways we were able to commence adult aqua classes. These have proved to be extremely popular, with six locals now trained in aqua fitness and looking to provide all types of aqua fitness from body balance to kick boxing. We will continue to upskill our local staff to provide different types of aqua fitness.

Our infant aqua has also been a big success with over 200 kids involved in the water awareness program. Our instructor continues to do a great job and build the numbers of participants each term.



A new program was trialled, called Toddler Gym, and that too proved to be a winner with approximately 30 kids per class taking part. The program teaches young children balance and helps to fine tune their coordination. It is expected that Toddler Gym will recommence early in the New Year.

Grandstand Bar

The Bar continues to operate at a tidy profit without making any huge improvements. The lack of public transport makes it increasingly hard to generate profits without catering food every night, though the sporting clubs continue to support the Bar after their fixture events.

We would like to acknowledge the support of Collar Windfarm and the Merredin Sports Council who contributed approximately \$20,000 each to construct the undercover barbeque area situated on the western side of the Grandstand Bar. This area is sure to get plenty of use over the summer months and will be a welcome addition to the facilities at the MRC&LC.

**SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the tenth day of December 2015



Greg Powell
Chief Executive Officer

SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	58
Supplementary Ratio Information	60
Principal place of business: Address King Street Merredin WA 6415	

**SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the tenth day of December 2015

Greg Powell
Chief Executive Officer

SHIRE OF MERREDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	3,539,281	3,544,583	3,290,784
Operating grants, subsidies and contributions	28	5,294,675	2,704,692	1,489,370
Fees and charges	27	2,199,157	2,536,316	1,747,719
Interest earnings	2(a)	185,258	165,381	155,024
Other revenue		691,584	308,251	481,266
		<u>11,909,955</u>	<u>9,259,223</u>	<u>7,164,163</u>
Expenses				
Employee costs		(2,665,608)	(2,882,383)	(2,610,057)
Materials and contracts		(3,153,914)	(3,288,093)	(2,651,017)
Utility charges		(452,199)	(528,156)	(414,252)
Depreciation on non-current assets	2(a)	(2,939,104)	(3,428,193)	(2,042,265)
Interest expenses	2(a)	(79,344)	(78,137)	(78,813)
Insurance expenses		(226,733)	(321,111)	(316,265)
Other expenditure		(241,944)	(155,027)	(177,119)
		<u>(9,758,846)</u>	<u>(10,681,100)</u>	<u>(8,289,788)</u>
		2,151,109	(1,421,877)	(1,125,625)
Non-operating grants, subsidies and contributions	28	691,627	2,134,619	3,870,338
Profit on asset disposals	20	35,328	154,990	27,063
Loss on asset disposals	20	(60,744)	(60,135)	(26,864)
Net result		2,817,320	807,597	2,744,912
Other comprehensive income				
Changes on revaluation of non-current assets	12	239,915,079	0	22,762,838
Total other comprehensive income		<u>239,915,079</u>	<u>0</u>	<u>22,762,838</u>
Total comprehensive income		<u><u>242,732,399</u></u>	<u><u>807,597</u></u>	<u><u>25,507,750</u></u>

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

SHIRE OF MERREDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
	2(a)			
Governance		110,122	89,318	94,378
General purpose funding		7,214,351	5,886,057	4,645,745
Law, order, public safety		252,665	222,946	216,727
Health		51,799	47,352	58,400
Education and welfare		91,016	25,134	12,494
Housing		533,629	114,360	100,625
Community amenities		641,262	489,682	582,528
Recreation and culture		1,561,601	877,832	758,883
Transport		592,884	283,450	239,003
Economic services		176,987	195,158	228,493
Other property and services		683,639	1,027,933	226,888
		<u>11,909,955</u>	<u>9,259,222</u>	<u>7,164,164</u>
Expenses				
	2(a)			
Governance		(856,488)	(881,991)	(729,201)
General purpose funding		(132,652)	(150,995)	(125,432)
Law, order, public safety		(573,393)	(565,500)	(463,189)
Health		(224,051)	(281,038)	(164,742)
Education and welfare		(119,002)	(57,870)	(13,839)
Housing		(179,173)	(193,449)	(169,646)
Community amenities		(934,590)	(901,185)	(845,478)
Recreation and culture		(2,993,946)	(3,242,832)	(2,647,137)
Transport		(2,229,252)	(3,424,052)	(2,345,935)
Economic services		(742,058)	(845,859)	(703,755)
Other property and services		(694,898)	(58,191)	(2,622)
		<u>(9,679,503)</u>	<u>(10,602,962)</u>	<u>(8,210,976)</u>
Finance costs				
	2(a)			
Governance		(54,210)	(53,816)	(60,211)
Education and welfare		(24,939)	(24,134)	(18,395)
Recreation and culture		(194)	(188)	(207)
		<u>(79,343)</u>	<u>(78,138)</u>	<u>(78,813)</u>
Non-operating grants, subsidies and contributions				
Governance		25,808	0	9,900
Law, order, public safety		0	0	321,769
Housing		0	919,744	452,202
Community amenities		0	16,233	18,327
Recreation and culture		43,721	1,000	25,500
Transport		622,098	1,197,642	3,042,640
	28	<u>691,627</u>	<u>2,134,619</u>	<u>3,870,338</u>
Profit/(Loss) on disposal of assets				
Governance		(1,706)	(1,032)	(2,914)
Law, order, public safety		(1,117)	(4,613)	3,668
Health		0	3,565	(1,246)
Community amenities		3,694	(3,486)	0
Recreation and culture		(6,226)	0	0
Transport		(20,061)	100,421	691
	20	<u>(25,416)</u>	<u>94,855</u>	<u>199</u>
Net result		<u>2,817,320</u>	<u>807,596</u>	<u>2,744,912</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	239,915,079	0	22,762,838
Total other comprehensive income		<u>239,915,079</u>	<u>0</u>	<u>22,762,838</u>
Total comprehensive income		<u>242,732,399</u>	<u>807,596</u>	<u>25,507,750</u>

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

SHIRE OF MERREDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,723,597	2,868,361
Trade and other receivables	4	617,914	1,787,955
Inventories	5	<u>223,307</u>	<u>160,318</u>
TOTAL CURRENT ASSETS		<u>6,564,818</u>	<u>4,816,634</u>
NON-CURRENT ASSETS			
Other receivables	4	536,433	557,636
Inventories	5	1,021,330	1,091,500
Property, plant and equipment	6	38,124,352	38,502,403
Infrastructure	7	<u>286,933,083</u>	<u>45,827,824</u>
TOTAL NON-CURRENT ASSETS		<u>326,615,198</u>	<u>85,979,363</u>
TOTAL ASSETS		<u>333,180,016</u>	<u>90,795,997</u>
CURRENT LIABILITIES			
Trade and other payables	8	173,531	481,582
Current portion of long term borrowings	9	150,410	143,183
Provisions	10	<u>640,251</u>	<u>581,899</u>
TOTAL CURRENT LIABILITIES		<u>964,192</u>	<u>1,206,664</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,100,736	1,251,146
Provisions	10	<u>104,728</u>	<u>60,230</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,205,464</u>	<u>1,311,376</u>
TOTAL LIABILITIES		<u>2,169,656</u>	<u>2,518,040</u>
NET ASSETS		<u>331,010,360</u>	<u>88,277,957</u>
EQUITY			
Retained surplus		65,131,730	63,242,695
Reserves - cash backed	11	3,146,925	2,218,640
Revaluation surplus	12	<u>262,731,701</u>	<u>22,816,622</u>
TOTAL EQUITY		<u>331,010,356</u>	<u>88,277,957</u>

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

**SHIRE OF MERREDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		61,583,966	1,132,457	53,784	62,770,207
Comprehensive income					
Net result		2,744,912	0	0	2,744,912
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>22,762,838</u>	<u>22,762,838</u>
Total comprehensive income		2,744,912	0	22,762,838	25,507,750
Transfers from/(to) reserves		(1,086,183)	1,086,183	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2014		63,242,695	2,218,640	22,816,622	88,277,957
Comprehensive income					
Net result		2,817,320	0	0	2,817,320
Changes on revaluation of non-current assets	12	<u>0</u>	<u>0</u>	<u>239,915,079</u>	<u>239,915,079</u>
Total comprehensive income		2,817,320	0	239,915,079	242,732,399
Transfers from/(to) reserves		(928,285)	928,285	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2015		<u>65,131,730</u>	<u>3,146,925</u>	<u>262,731,701</u>	<u>331,010,356</u>

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

SHIRE OF MERREDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,449,178	3,694,583	3,348,791
Operating grants, subsidies and contributions		6,544,452	2,704,692	329,404
Fees and charges		2,199,157	2,643,693	1,747,719
Interest earnings		185,258	165,381	155,024
Goods and services tax		5,363	0	616,282
Other revenue		691,584	250,750	481,266
		<u>13,074,992</u>	<u>9,459,099</u>	<u>6,678,486</u>
Payments				
Employee costs		(2,665,636)	(2,882,383)	(2,680,399)
Materials and contracts		(3,421,634)	(3,788,093)	(2,705,342)
Utility charges		(452,199)	(528,156)	(414,252)
Interest expenses		(79,786)	(78,137)	(73,287)
Insurance expenses		(226,733)	(321,111)	(316,265)
Goods and services tax		0	0	(624,012)
Other expenditure		(241,944)	(155,027)	(177,119)
		<u>(7,087,932)</u>	<u>(7,752,907)</u>	<u>(6,990,676)</u>
Net cash provided by (used in) operating activities	13(b)	<u>5,987,060</u>	<u>1,706,192</u>	<u>(312,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,752,767)	(3,058,003)	(1,509,601)
Payments for construction of infrastructure		(2,403,561)	(3,862,578)	(3,033,709)
Advances to community groups		0	0	(462,349)
Non-operating grants, Subsidies and contributions		691,627	2,134,619	3,870,338
Proceeds from sale of fixed assets		394,067	552,861	305,637
Proceeds from Sale of Land for Resale		55,786	0	0
Net cash provided by (used in) investment activities		<u>(3,014,848)</u>	<u>(4,233,101)</u>	<u>(829,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(143,183)	(143,183)	(123,952)
Proceeds from self supporting loans		26,207	26,207	(23,875)
Proceeds from new debentures		0	0	500,000
Net cash provided by (used in) financing activities		<u>(116,976)</u>	<u>(116,976)</u>	<u>352,173</u>
Net increase (decrease) in cash held		2,855,236	(2,643,885)	(789,701)
Cash at beginning of year		2,868,361	4,341,040	3,658,062
Cash and cash equivalents at the end of the year	13(a)	<u><u>5,723,597</u></u>	<u><u>1,697,155</u></u>	<u><u>2,868,361</u></u>

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

**SHIRE OF MERREDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		142,986	93,686	106,136
General purpose funding		3,675,070	2,341,474	1,354,961
Law, order, public safety		252,665	222,946	547,042
Health		51,799	50,917	58,400
Education and welfare		91,016	25,134	12,494
Housing		533,629	1,034,104	552,827
Community amenities		644,956	505,915	600,855
Recreation and culture		1,605,322	878,832	784,383
Transport		1,239,560	1,628,149	3,298,301
Economic services		176,987	195,158	228,493
Other property and services		683,639	1,027,933	226,888
		<u>9,097,629</u>	<u>8,004,248</u>	<u>7,770,780</u>
Expenses				
Governance		(919,460)	(941,207)	(795,431)
General purpose funding		(132,652)	(150,995)	(125,432)
Law, order, public safety		(574,510)	(570,113)	(468,067)
Health		(224,051)	(281,038)	(164,742)
Education and welfare		(143,941)	(82,004)	(32,234)
Housing		(179,173)	(193,449)	(169,646)
Community amenities		(934,590)	(904,671)	(845,478)
Recreation and culture		(3,000,366)	(3,243,020)	(2,647,344)
Transport		(2,273,891)	(3,470,688)	(2,361,901)
Economic services		(742,058)	(845,859)	(703,755)
Other property and services		(694,898)	(58,191)	(2,622)
		<u>(9,819,590)</u>	<u>(10,741,235)</u>	<u>(8,316,652)</u>
Net result excluding rates		(721,961)	(2,736,987)	(545,872)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	25,416	(94,855)	(199)
Movement in deferred pensioner rates (non-current)		(5,010)	0	(9,362)
Movement in employee benefit provisions (non-current)		44,498	0	23,032
Depreciation and amortisation on assets	2(a)	2,939,104	3,428,193	2,042,265
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(765,845)	(1,526,098)	(632,859)
Purchase furniture & equipment	6(b)	(93,934)	(24,700)	(41,899)
Purchase plant & equipment	6(b)	(892,988)	(1,507,205)	(834,843)
Purchase roads	7(b)	(2,086,460)	(3,580,218)	(2,895,423)
Purchase footpaths	7(b)	(270,106)	(195,360)	(138,286)
Purchase drainage	7(b)	(35,382)	(37,000)	0
Purchase parks & recreations	7(b)	(11,613)	(50,000)	0
Sale of Land Held for Resale		55,786	0	0
Advances to community groups		0	0	(462,349)
Proceeds from disposal of fixed assets	20	394,067	552,861	305,637
Repayment of debentures	21(a)	(143,183)	(143,183)	(123,952)
Proceeds from new debentures	21(a)	0	0	500,000
Proceeds from self supporting loans		26,207	26,207	(23,875)
Transfers to reserves (restricted assets)	11	(928,285)	(757,374)	(1,086,183)
Transfers from reserves (restricted assets)	11	0	1,225,479	0
ADD Estimated surplus/(deficit) July 1 b/fwd	22(b)	1,508,306	1,892,989	2,141,690
LESS Estimated surplus/(deficit) June 30 c/fwd	22(b)	2,577,898	17,332	1,508,306
Total amount raised from general rate	22(a)	<u>(3,539,281)</u>	<u>(3,544,583)</u>	<u>(3,290,784)</u>

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The financial report is presented in Australian dollars

Critical accounting estimates

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

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

The local government reporting entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

Land under roads

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

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

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

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

Capitalisation threshold

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(l) Borrowing Costs

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

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the annual financial report	33,935	29,355
- Assistance with the finalisation of the annual financial report	7,563	0
- Other services	0	3,850
Depreciation		
Non-specialised buildings	103,000	57,210
Specialised buildings	638,825	360,255
Furniture & Equipment	89,895	35,429
Plant & Equipment	894,003	508,301
Roads	1,011,935	954,027
Footpaths	34,346	31,580
Drainage	19,628	19,628
Parks & Recreations	147,472	75,835
	<u>2,939,104</u>	<u>2,042,265</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	79,344	78,813
	<u>79,344</u>	<u>78,813</u>
Rental charges		
- Operating leases	18,381	36,936
	<u>18,381</u>	<u>36,936</u>
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	612,600	481,266
Other	78,984	0
	<u>691,584</u>	<u>481,266</u>
	2015	2015
	Actual	Budget
	\$	\$
Interest earnings		
- Self supporting loans	24,527	0
- Reserve funds	33,833	36,411
- Other funds	69,221	60,381
Other interest revenue (refer note 26)	57,677	68,589
	<u>185,258</u>	<u>165,381</u>
	<u>185,258</u>	<u>155,024</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

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 and Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Dept of Agriculture	14	10,000		(8,695)	1,305	0	(1,305)	0
Dept of Conservation	14	2,500	0	(2,500)	0	0	0	0
Dept of Local Government	14	25,000	0	(25,000)	0	0	0	0
Dept of Local Government	14	75,000	0	(43,942)	31,058	0	(31,058)	0
Landcare	14	2,000	0	(2,000)	0	0	0	0
WNRM	14	5,760	0	(5,760)	0	0	0	0
State NRM	14	10,000	0	(10,000)	0	0	0	0
Aged Friendly Communities	08	0	0	0	0	54,600	(19,177)	35,423
Aged Friendly Communities	08	0	0	0	0	10,000	0	10,000
CLGF WEROC Housing	09	0	0	0	0	392,950	(392,950)	0
CPRP Pool Grant	11	0	0	0	0	30,000	(30,000)	0
MRC&LC Grant	11	0	0	0	0	535,536	(535,536)	0
MRC&LC Kid Sport Grant	11	0	0	0	0	32,518	(32,518)	0
New Shade & Pathways	11	0	0	0	0	29,545	(29,545)	0
Crime Prevention CCTV	11	0	0	0	0	25,000	0	25,000
MRC&LC Grant	11	0	0	0	0	42,721	(42,721)	0
Regional Bicycle Grant	12	0	0	0	0	82,300	(82,300)	0
Total		130,260	0	(97,897)	32,363	1,235,170	(1,197,110)	70,423

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

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,506,249	617,358
Restricted		<u>3,217,348</u>	<u>2,251,003</u>
		<u><u>5,723,597</u></u>	<u><u>2,868,361</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employees Entitlement Leave reserve	11	262,710	257,866
Plant Replacement Reserve	11	731,191	523,203
Heritage Reserve	11	7,015	6,885
Buildings Reserve	11	673,185	318,434
Land and Development	11	426,146	80,188
Recreation Development Reserve	11	210,096	206,222
Disaster Relief Reserve	11	7,465	7,328
Road Reinstatement Reserve	11	24,406	23,956
Cummings Street Units Reserve	11	48,388	47,496
Waste Management Reserve	11	40,819	40,066
Environmental Initiatives Reserve	11	59,345	58,250
Unexpended Capital Works Reserve	11	648,746	648,746
Unspent Grants Reserve	11	7,413	0
Unspent grants	2(c)	70,423	32,363
		<u><u>3,217,348</u></u>	<u><u>2,251,003</u></u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		338,286	253,193
Sundry debtors		310,987	1,444,821
GST receivable		2,367	7,730
Loans - clubs/institutions		26,213	26,207
Prepayments		(34,348)	81,595
Provision Doubtful Debts		<u>(25,591)</u>	<u>(25,591)</u>
		<u><u>617,914</u></u>	<u><u>1,787,955</u></u>
Non-current			
Rates outstanding - pensioners		96,547	91,537
Loans - clubs/institutions		<u>439,886</u>	<u>466,099</u>
		<u><u>536,433</u></u>	<u><u>557,636</u></u>
5. INVENTORIES			
Current			
Fuel and materials		<u>223,307</u>	<u>160,318</u>
		<u><u>223,307</u></u>	<u><u>160,318</u></u>
Non-current			
Land held for resale - cost			
Cost of acquisition		537,751	552,138
Development costs		539,362	539,362
Sale of Land Held for Resale		<u>(55,783)</u>	<u>0</u>
		<u><u>1,021,330</u></u>	<u><u>1,091,500</u></u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2014 - level 2 & 3	<u>2,201,300</u>	<u>2,201,300</u>
	2,201,300	2,201,300
Land vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	<u>570,000</u>	<u>570,000</u>
	570,000	570,000
	<u>2,771,300</u>	<u>2,771,300</u>
Non-specialised buildings at:		
- Independent valuation 2014 - level 2	3,320,000	3,320,000
Less: accumulated depreciation	<u>(103,000)</u>	<u>0</u>
	3,217,000	3,320,000
Specialised buildings at:		
- Independent valuation 2014 - level 3	29,474,437	28,694,203
Less: accumulated depreciation	<u>(638,825)</u>	<u>0</u>
	28,835,612	28,694,203
	<u>32,052,612</u>	<u>32,014,203</u>
Total land and buildings	<u>34,823,912</u>	<u>34,785,503</u>
Furniture & Equipment at:		
- Management valuation 2013 - level 3	266,131	266,131
- Additions after valuation - cost	135,833	41,899
Less accumulated depreciation	<u>(125,324)</u>	<u>(35,429)</u>
	276,640	272,601
Plant & Equipment at:		
- Management valuation 2013 - level 3	2,476,622	3,054,540
- Additions after valuation - cost	1,727,831	834,843
Less accumulated depreciation	<u>(1,180,653)</u>	<u>(445,084)</u>
	3,023,800	3,444,299
	<u>38,124,352</u>	<u>38,502,403</u>

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	2,201,300	0	0	0	0		0	2,201,300
Land vested in and under the control of Council	570,000	0	0	0	0		0	570,000
Total land	2,771,300	0	0	0	0	0	0	2,771,300
Non-specialised buildings	3,320,000	0	0	0	0	(102,999)	0	3,217,001
Specialised buildings	28,694,203	765,845	0	0	0	(638,825)	14,389	28,835,612
Total buildings	32,014,203	765,845	0	0	0	(741,824)	14,389	32,052,613
Total land and buildings	34,785,503	765,845	0	0	0	(741,824)	14,389	34,823,913
Furniture & Equipment	272,601	93,934	0	0	0	(89,895)	0	276,640
Plant & Equipment	3,444,299	892,988	(419,481)	0	0	(894,006)	0	3,023,800
Total property, plant and equipment	38,502,403	1,752,767	(419,481)	0	0	(1,725,725)	14,389	38,124,353

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2 & 3	Observed open market valuations, adjusted for condition and compareability.	Independent Valuation	2014	Price per hectare / current conditions
Land vested in and under the control of Council	3	Market approach using recent market data/income approach using discounted cash flow methodology”	Independent Valuation	2014	Price per hectare / market discount rate / current conditions
Non-specialised buildings	2	Observed open market valuations, adjusted for condition and compareability.	Independent Valuation	2014	Price per hectare
Specialised buildings	3	Cost Approach using depreciated replacement cost.	Independent Valuation	2014	Improvements to land using construction costs and current conditions (Level 2) and remaining useful life assessments (Level 3)
Furniture & Equipment	3	Cost Approach using depreciated replacement cost.	Management Valuation	2013	Purchase costs and current condition (Level 2) and remaining useful life assessment (Level 3)
Plant & Equipment	3	Cost Approach using depreciated replacement cost.	Management Valuation	2013	Purchase costs and current condition (Level 2) and remaining useful life assessment (Level 3)

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Roads		
- Costs 2014	0	76,077,270
- Management valuation 2015 - level 3	272,269,640	0
Less accumulated depreciation	<u>0</u>	<u>(34,013,938)</u>
	<u>272,269,640</u>	<u>42,063,332</u>
Footpaths		
- Costs 2014	0	1,284,914
- Management valuation 2015 - level 3	5,806,349	0
Less accumulated depreciation	<u>0</u>	<u>(492,673)</u>
	<u>5,806,349</u>	<u>792,241</u>
Drainage		
- Costs 2014	0	928,017
- Management valuation 2015 - level 3	4,377,627	0
Less accumulated depreciation	<u>0</u>	<u>(472,112)</u>
	<u>4,377,627</u>	<u>455,905</u>
Parks & Recreations		
- Costs 2014	0	2,968,285
- Management valuation 2015 - level 3	4,479,467	0
Less accumulated depreciation	<u>0</u>	<u>(451,939)</u>
	<u>4,479,467</u>	<u>2,516,346</u>
	<u><u>286,933,083</u></u>	<u><u>45,827,824</u></u>

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	42,063,332	2,086,460	0	229,131,783	0	(1,011,935)	0	272,269,640
Footpaths	792,241	270,106	0	4,778,348	0	(34,346)	0	5,806,349
Drainage	455,905	35,382	0	3,905,968	0	(19,628)	0	4,377,627
Parks & Recreations	2,516,346	11,613	0	2,098,980	0	(147,472)	0	4,479,467
Total infrastructure	<u>45,827,824</u>	<u>2,403,561</u>	<u>0</u>	<u>239,915,079</u>	<u>0</u>	<u>(1,213,381)</u>	<u>0</u>	<u>286,933,083</u>

The revaluation of infrastructure assets resulted in an increase on revaluation of \$239,915,079 in the net value of infrastructure.

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

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
Footpaths	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
Drainage	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
Parks & Recreations	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment

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

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	11,478	283,601
Accrued interest on debentures	8,585	9,027
Accrued salaries and wages	39,786	60,321
ATO liabilities	(2,878)	79,465
PAYG Payable	52,840	37,609
Accrued Expenses	63,720	11,559
	<u>173,531</u>	<u>481,582</u>

9. LONG-TERM BORROWINGS

Current

Secured by floating charge		
Debentures	150,410	143,183
	<u>150,410</u>	<u>143,183</u>

Non-current

Secured by floating charge		
Debentures	1,100,736	1,251,146
	<u>1,100,736</u>	<u>1,251,146</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014			
Current provisions	433,947	147,952	581,899
Non-current provisions	0	60,230	60,230
	<u>433,947</u>	<u>208,182</u>	<u>642,129</u>
Net Movement during year	22,848	80,002	102,850
Balance at 30 June 2015	<u>456,795</u>	<u>288,184</u>	<u>744,979</u>
Comprises			
Current	456,795	183,456	640,251
Non-current	0	104,728	104,728
	<u>456,795</u>	<u>288,184</u>	<u>744,979</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	257,866	257,866	253,332
Amount set aside / transfer to reserve	4,844	7,546	4,534
Amount used / transfer from reserve	0	0	0
	<u>262,710</u>	<u>265,412</u>	<u>257,866</u>
(b) Plant Replacement Reserve			
Opening balance	523,203	523,203	268,399
Amount set aside / transfer to reserve	207,988	7,995	254,804
Amount used / transfer from reserve	0	(405,500)	0
	<u>731,191</u>	<u>125,698</u>	<u>523,203</u>
(c) Heritage Reserve			
Opening balance	6,885	6,885	6,764
Amount set aside / transfer to reserve	130	201	121
Amount used / transfer from reserve	0	0	0
	<u>7,015</u>	<u>7,086</u>	<u>6,885</u>
(d) Buildings Reserve			
Opening balance	318,434	318,434	148,606
Amount set aside / transfer to reserve	354,751	8,118	169,828
Amount used / transfer from reserve	0	(310,174)	0
	<u>673,185</u>	<u>16,378</u>	<u>318,434</u>
(e) Land and Development			
Opening balance	80,188	80,188	78,778
Amount set aside / transfer to reserve	345,958	1,634	1,410
Amount used / transfer from reserve	0	0	0
	<u>426,146</u>	<u>81,822</u>	<u>80,188</u>
(f) Recreation Development Reserve			
Opening balance	206,222	206,222	202,597
Amount set aside / transfer to reserve	3,874	6,035	3,625
Amount used / transfer from reserve	0	0	0
	<u>210,096</u>	<u>212,257</u>	<u>206,222</u>
(g) Disaster Relief Reserve			
Opening balance	7,328	7,328	7,199
Amount set aside / transfer to reserve	137	214	129
Amount used / transfer from reserve	0	0	0
	<u>7,465</u>	<u>7,542</u>	<u>7,328</u>
(h) Road Reinstatement Reserve			
Opening balance	23,956	23,956	23,534
Amount set aside / transfer to reserve	450	701	422
Amount used / transfer from reserve	0	0	0
	<u>24,406</u>	<u>24,657</u>	<u>23,956</u>
(i) Cummings Street Units Reserve			
Opening balance	47,496	47,496	46,661
Amount set aside / transfer to reserve	892	12,248	835
Amount used / transfer from reserve	0	0	0
	<u>48,388</u>	<u>59,744</u>	<u>47,496</u>
(j) Waste Management Reserve			
Opening balance	40,066	40,066	39,361
Amount set aside / transfer to reserve	753	1,173	705
Amount used / transfer from reserve	0	0	0
	<u>40,819</u>	<u>41,239</u>	<u>40,066</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (CONTINUED)			
(k) Environmental Initiatives Reserve			
Opening balance	58,250	58,250	57,226
Amount set aside / transfer to reserve	1,095	1,705	1,024
Amount used / transfer from reserve	0	0	0
	<u>59,345</u>	<u>59,955</u>	<u>58,250</u>
(l) Unexpended Capital Works Reserve			
Opening balance	648,746	648,746	0
Amount set aside / transfer to reserve	0	709,804	648,746
Amount used / transfer from reserve	0	(509,805)	0
	<u>648,746</u>	<u>848,745</u>	<u>648,746</u>
(m) Unspent Grants Reserve			
Opening balance	0	0	0
Amount set aside / transfer to reserve	7,413	0	0
Amount used / transfer from reserve	0	0	0
	<u>7,413</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	<u><u>3,146,925</u></u>	<u><u>1,750,535</u></u>	<u><u>2,218,640</u></u>
Total Opening balance	2,218,640	2,218,640	1,132,457
Total Amount set aside / transfer to reserve	928,285	757,374	1,086,183
Total Amount used / transfer from reserve	0	(1,225,479)	0
TOTAL RESERVES	<u><u>3,146,925</u></u>	<u><u>1,750,535</u></u>	<u><u>2,218,640</u></u>

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

11. RESERVES - CASH BACKED (CONTINUED)

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

- (a) Leave Reserve**
 - to be used to fund annual and long service leave requirements
- (b) Plant Replacement Reserve**
 - to be utilised to fund future capital plant purchases. Tied into funding the 7 year Plant Replacement Program
- (c) Heritage Reserve**
 - to be utilised to fund future extension works at Cummins Theatre.
- (d) Buildings Reserve**
 - to be utilised to fund future building construction within the Shire of Merredin.
- (e) Land and Development**
 - to be utilised to fund major land development/purchases within the Shire of Merredin.
- (f) Recreation Development Reserve**
 - to be utilised to fund future extensions at Recreation Ground.
- (g) Disaster Relief Reserve**
 - to be utilised to contribute to liabilities arising from a natural disaster.
- (h) Road Reinstatement Reserve**
 - to be utilised for emergency repairs to road infrastructure.
- (i) Cummings Street Units Reserve**
 - to be utilised to fulfil maintenance and capital costs associated with Council owned units
- (j) Waste Management Reserve**
 - to be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste.
- (k) Environmental Initiatives Reserve**
 - to be utilised for the research and development into initiatives designed to use the saline water below Merredin or similar type environmental projects.
- (l) Unexpended Capital Works Reserve**
 - to be utilised for future Capital Works Programs subject to any restrictions that may be imposed
- (m) Unspent Grants Reserve**
 - to be used for the quarantining of Grant monies awaiting completion of works in a future year(s).

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 2015/16.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS	2015	2014
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land and buildings		
Opening balance	22,762,838	0
Revaluation increment	0	22,762,838
Revaluation decrement	<u>0</u>	<u>0</u>
	<u>22,762,838</u>	<u>22,762,838</u>
(b) Plant & Equipment		
Opening balance	53,784	0
Revaluation increment	0	53,784
Revaluation decrement	<u>0</u>	<u>0</u>
	<u>53,784</u>	<u>53,784</u>
(c) Roads		
Opening balance	0	0
Revaluation increment	237,816,104	0
Revaluation decrement	<u>0</u>	<u>0</u>
	<u>237,816,104</u>	<u>0</u>
(d) Parks & Reserves Infrastructure		
Opening balance	0	0
Revaluation increment	2,098,980	0
Revaluation decrement	<u>0</u>	<u>0</u>
	<u>2,098,980</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>262,731,706</u></u>	<u><u>22,816,622</u></u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>5,723,597</u>	<u>1,697,155</u>	<u>2,868,361</u>

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

Net result	2,817,320	807,597	2,744,912
Non-cash flows in Net result:			
Depreciation	2,939,104	3,428,193	2,042,265
(Profit)/Loss on sale of asset	25,416	(94,855)	(199)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	1,165,037	(300,124)	(1,109,689)
(Increase)/Decrease in inventories	(62,989)	0	(118,352)
Increase/(Decrease) in payables	(308,051)	0	53,535
Increase/(Decrease) in provisions	102,850	0	(54,324)
Grants contributions for the development of assets	<u>(691,627)</u>	<u>(2,134,619)</u>	<u>(3,870,338)</u>
Net cash from operating activities	<u>5,987,060</u>	<u>1,706,192</u>	<u>(312,190)</u>

	2015 \$		2014 \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	143,000	143,000	143,000
Bank overdraft at balance date	0	0	0
Credit card limit	20,000	20,000	20,000
Credit card balance at balance date	0	0	0
Total amount of credit unused	<u>163,000</u>	<u>163,000</u>	<u>163,000</u>
Loan facilities			
Loan facilities - current	150,410	150,410	143,183
Loan facilities - non-current	1,100,736	1,100,736	1,251,146
Total facilities in use at balance date	<u>1,251,146</u>	<u>1,251,146</u>	<u>1,394,329</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>

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

14. CONTINGENT LIABILITIES

The Shire of Merredin has no contingent liabilities as at 30th June 2015

15. CAPITAL AND LEASING COMMITMENTS	2015	2014
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	55,546	29,603
- later than one year but not later than five years	99,915	21,602
- later than five years	<u>0</u>	<u>0</u>
	<u><u>155,461</u></u>	<u><u>51,205</u></u>

(b) Capital Expenditure Commitments

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

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

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	3,683,360	5,527,190
Law, order, public safety	675,705	911,593
Health	1,133,480	1,382,203
Education and welfare	3,064,301	3,180,045
Housing	1,772,282	1,878,096
Community amenities	3,294,253	3,812,425
Recreation and culture	21,413,586	22,258,083
Transport	105,624,810	45,243,057
Economic services	991,402	1,081,847
Other property and services	2,668,025	3,947,842
Unallocated	188,858,812	1,573,616
	<u>333,180,016</u>	<u>90,795,997</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	4.77	2.42	3.28
Asset sustainability ratio	1.38	1.87	1.49
Debt service cover ratio	23.12	4.91	18.35
Operating surplus ratio	0.32	(0.20)	0.16
Own source revenue coverage ratio	0.67	0.69	0.84

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 in this document.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Community Bus Fund	1,312	0	0	1,312
Housing Bonds	9,092	1,450	1,080	9,462
Hall/Gym Bonds	1,090	6,000	2,500	4,590
SBS Transmitter	2,220	0	0	2,220
BCTIF Levy	0	3,214	3,190	24
Overpayment of Rates	3,805	0	0	3,805
Other Bonds	6,853	0	0	6,853
BRB Levy	(40)	3,310	2,945	325
Youth Advisory Council	154	0	0	154
Retention Monies	7,619	0	7,619	0
Police Licencing	44,497	0	44,497	0
	<u>76,602</u>	<u>13,974</u>	<u>61,831</u>	<u>28,745</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
CEO Vehicle A395	33,581	43,701	40,637	45,500	7,056	1,799
CEO Vehicle	0	43,701	0	45,500	0	1,799
DCEO Vehicle A364	11,036	14,761	10,909	15,531	(127)	770
EMCS Vehicle A366	12,246	26,400	15,940	21,000	3,694	(5,400)
Law, order, public safety						
RANGER Utility A382	29,590	4,613	21,818	0	(7,772)	(4,613)
Health						
EMDS Vehicle A367	20,208	22,435	19,091	26,000	(1,117)	3,565
Community amenities						
NRMO Utility A384	25,454	23,486	16,818	20,000	(8,636)	(3,486)
Transport						
CAT Roller A242	19,182	0	38,182	110,000	19,000	110,000
Utility A383	25,922	28,044	20,497	28,330	(5,425)	286
EMES Vehicle A381	28,533	28,733	24,545	25,500	(3,988)	(3,233)
John Deere Gator A230	12,976	0	6,750	0	(6,226)	0
Mitsubishi Water Truck	0	0	0	15,000	0	15,000
Squirrel SP Platform	0	22,560	0	11,000	0	(11,560)
Toro GM3280 Mower A331	17,933	26,172	8,600	10,000	(9,333)	(16,172)
Toro 3100D A332	17,964	24,539	14,700	20,000	(3,264)	(4,539)
Fuso Tip Truck A228	90,002	68,677	95,580	90,000	5,578	21,323
Hino Dump Truck A26	36,380	35,586	27,273	26,000	(9,107)	(9,586)
Nissan Navara (Mech) A375	12,867	14,552	10,909	15,000	(1,958)	448
Nissan Navara (Retic) A379	12,917	15,023	10,909	13,500	(2,008)	(1,523)
Nissan Navara (Mtce) A375	12,692	15,023	10,909	15,000	(1,783)	(23)
	<u>419,483</u>	<u>458,006</u>	<u>394,067</u>	<u>552,861</u>	<u>(25,416)</u>	<u>94,855</u>

Profit	35,328	154,990
Loss	(60,744)	(60,135)
	<u>(25,416)</u>	<u>94,855</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 212 Burracoppin Sporting *	3,750	0	2,465	2,465	1,285	1,285	194	188
Loan 214 Amalgamation Loans	902,023	0	116,976	116,976	785,047	785,047	54,210	53,816
Housing								
Loan 215 Merritville Aged Units *	488,556	0	23,742	23,742	464,814	464,814	24,940	24,134
	1,394,329	0	143,183	143,183	1,251,146	1,251,146	79,344	78,138

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

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

(c) Unspent Debentures

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

(d) Overdraft

Council established an overdraft facility of \$143,000 in 2007 to assist with short term liquidity requirements
The balance of the overdraft at 1st July 2014 and 30 June 2015 was Nil.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Gross Rental Value	0.1122	1,257	15,494,189	1,737,782	4,675	0	1,742,457	1,737,782	1,108	0	1,738,890
Unimproved value valuations											
UV1 Rural	0.0171	310	72,372,004	1,234,884	1,098	0	1,235,982	1,234,884	6,862	0	1,241,746
UV2 Urban Rural	0.0228	48	4,195,000	95,436	0	0	95,436	95,436	3,251	0	98,687
UV3 Mining	0.0341	7	167,334	5,710	(1,543)	0	4,167	5,710	80	0	5,790
UV4 Special Use Wind farm	0.0341	14	3,567,501	121,741	0	0	121,741	121,741	0	0	121,741
UV5 Special Use Airstrip	0.0341	1	136,000	4,641	0	0	4,641	4,641	0	0	4,641
UV6 Merredin Power	0.0341	1	53,000	1,809	0	0	1,809	1,809	0	0	1,809
Sub-Totals		1,638	95,985,028	3,202,003	4,230	0	3,206,233	3,202,003	11,301	0	3,213,304
Minimum payment	Minimum \$										
Gross rental value valuations											
Gross Rental Value	752	204	550,739	153,408	0	0	153,408	153,408	0	0	153,408
Unimproved value valuations											
UV1 Rural	933	119	3,450,867	111,027	0	0	111,027	111,027	0	0	111,027
UV2 Urban Rural	933	37	762,836	34,521	0	0	34,521	34,521	0	0	34,521
UV3 Mining	149	7	12,140	1,043	0	0	1,043	1,043	0	0	1,043
UV4 Special Use Wind farm	1,244	0	0	0	0	0	0	0	0	0	0
UV5 Special Use Airstrip	1,244	0	0	0	0	0	0	0	0	0	0
UV6 Merredin Power	933	0	0	0	0	0	0	0	0	0	0
User Defined			0	0	0	0	0	(1,613)	0	0	(1,613)
Sub-Totals		367	4,776,582	299,999	0	0	299,999	298,386	0	0	298,386
Ex-gratia rates							3,506,232				3,511,690
Discounts/concessions (refer note 25)							33,049				32893
Total amount raised from general rate							3,539,281				3,544,583
Specified Area Rate (refer note 23)							0				0
Totals							3,539,281				3,544,583

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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

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

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>2,577,898</u>	<u>1,508,306</u>	<u>1,508,306</u>
Comprises:			
Cash and cash equivalents			
Unrestricted	2,506,249	617,358	617,358
Restricted	3,217,348	2,251,003	2,251,003
Receivables			
Rates outstanding	338,286	253,193	253,193
Sundry debtors	310,987	1,444,821	1,444,821
GST receivable	2,367	7,730	7,730
Loans - clubs/institutions	26,213	26,207	26,207
Prepayments	(34,348)	81,595	81,595
Provision Doubtful Debts	(25,591)	(25,591)	(25,591)
Inventories			
Fuel and materials	223,307	160,318	160,318
Less:			
Trade and other payables			
Sundry creditors	(11,478)	(283,601)	(283,601)
Accrued interest on debentures	(8,585)	(9,027)	(9,027)
Accrued salaries and wages	(39,786)	(60,321)	(60,321)
ATO liabilities	2,878	(79,465)	(79,465)
PAYG Payable	(52,840)	(37,609)	(37,609)
Accrued Expenses	(63,720)	(11,559)	(11,559)
Current portion of long term borrowings			
Secured by floating charge	(150,410)	(143,183)	(143,183)
Provisions			
Provision for annual leave	(456,795)	(433,947)	(433,947)
Provision for long service leave	(183,456)	(147,952)	(147,952)
Net current assets	<u>5,600,626</u>	<u>3,609,970</u>	<u>3,609,970</u>
Less:			
Reserves - restricted cash	(3,146,925)	(2,218,640)	(2,218,640)
Loans - Clubs/Institutions	(26,213)	(26,207)	(26,207)
Add:			
Secured by floating charge	150,410	143,183	143,183
Surplus/(deficit)	<u>2,577,898</u>	<u>1,508,306</u>	<u>1,508,306</u>

Difference

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

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

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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

The Shire of Merredin did not have any Rates Incentive Programs for the 2014/2015 financial year
 No other Discounts, Incentives, Concessions or Write Off's Applied.

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAF

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%	0	40,371	36,247
Interest on instalments plan	5.50%		17,306	32,342
			<u>57,677</u>	<u>68,589</u>

27. FEES & CHARGES	2015 \$	2014 \$
Governance	(48,664)	87,373
General purpose funding	20,256	18,018
Law, order, public safety	181,731	167,565
Health	51,619	58,400
Housing	76,935	25,320
Community amenities	468,189	565,091
Recreation and culture	674,284	547,705
Economic services	165,713	220,993
Other property and services	609,094	57,254
	<u>2,199,157</u>	<u>1,747,719</u>

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

28. GRANT REVENUE

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

	2015	2014
By Nature or Type:	\$	\$
Operating grants, subsidies and contributions	5,294,675	1,489,370
Non-operating grants, subsidies and contributions	691,627	3,870,338
	<u>5,986,302</u>	<u>5,359,708</u>
By Program:		
Governance	0	12,400
General purpose funding	3,493,439	1,132,346
Law, order, public safety	70,707	382,629
Education and welfare	66,600	0
Housing	444,554	504,622
Community amenities	16,233	35,764
Recreation and culture	749,374	92,534
Transport	1,135,998	3,191,913
Economic services	9,397	7,500
	<u>5,986,302</u>	<u>5,359,708</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>53</u>	<u>53</u>
-----------	-----------

30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
Meeting Fees	65,775	69,525	52,125
President's allowance	12,875	12,875	16,000
Deputy President's allowance	3,219	3,912	6,719
Councillors Corporate Wardrobe	177	1,000	1,395
	<u>82,046</u>	<u>87,312</u>	<u>76,239</u>

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

31. MAJOR LAND TRANSACTIONS

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,723,597	2,868,361	5,723,597	2,868,361
Receivables	1,154,347	2,345,591	1,154,347	2,345,591
	<u>6,877,944</u>	<u>5,213,952</u>	<u>6,877,944</u>	<u>5,213,952</u>
Financial liabilities				
Payables	173,531	481,582	173,531	481,582
Borrowings	1,251,146	1,394,329	1,251,146	1,394,329
	<u>1,424,677</u>	<u>1,875,911</u>	<u>1,424,677</u>	<u>1,875,911</u>

Fair value is determined as follows:

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	57,236	28,682
- Statement of Comprehensive Income	57,236	28,682

Notes:

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

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

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

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

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

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

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

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

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

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	81%	96%
- Overdue	19%	4%

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	173,531	0	0	173,531	173,531
Borrowings	219,993	874,668	492,340	1,587,001	1,251,146
	<u>393,524</u>	<u>874,668</u>	<u>492,340</u>	<u>1,760,532</u>	<u>1,424,677</u>
<u>2014</u>					
Payables	481,582	0	0	481,582	481,582
Borrowings	220,296	871,939	707,176	1,799,411	1,394,329
	<u>701,878</u>	<u>871,939</u>	<u>707,176</u>	<u>2,280,993</u>	<u>1,875,911</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2015</u>								
Borrowings								
Fixed rate								
Debentures	(1,284)	0	0	0	0	(1,249,862)	(1,251,146)	5.66%
Weighted average Effective interest rate	5.62%	0.00%	0.00%	0.00%	0.00%	5.66%		
<u>Year ended 30 June 2014</u>								
Borrowings								
Fixed rate								
Debentures	0	(3,750)	0	0	0	(1,390,579)	(1,394,329)	5.68%
Weighted average Effective interest rate	0.00%	5.62%	0.00%	0.00%	0.00%	5.68%		

**SHIRE OF MERREDIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

RATIO INFORMATION

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

	2015	2014	2013
Asset consumption ratio	0.99	0.56	0.61
Asset renewal funding ratio	0.82	0.82	0.86

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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF MERREDIN

Report on the Financial Report

We have audited the accompanying financial report of Shire of Merredin, which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Shire of Merredin is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Emphasis of Matter

Without modifying our opinion, we draw attention to page 60 of the financial report "Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion the asset consumption ratio is based on verifiable information and appears reasonable.

We have not been presented with sufficient verifiable information in relation to the asset renewal funding ratio and as a result, we are unable to assess the reasonableness of this ratio.

Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director
Date: 10 December 2015