

# Shire of Corrigin



ANNUAL REPORT  
2013/2014

THIS DOCUMENT IS AVAILABLE IN OTHER FORMATS ON REQUEST FOR PEOPLE WITH DISABILITY

## Shire of Corrigin

The Shire of Corrigin is located in the Roe Region of Western Australia's Wheatbelt less than 2 ½ hours drive east of Perth.

Corrigin is a vibrant country community of founded on broadacre farming.

Corrigin provides a range of services to meet the community's needs including education, health, recreation facilities and affordable land & housing.



### Shire of Corrigin Statistics

<b>Distance from Perth</b>	234k
<b>Area</b>	3,095 sq km
<b>Length of Sealed Roads</b>	405.4 km
<b>Length of Unsealed Roads</b>	767.6 km
<b>Population</b>	1,063
<b>Number of Electors</b>	835
<b>Number of Dwellings</b>	620
<b>Total Rates Levied</b>	\$2,055,796
<b>Total Revenue</b>	\$10,196,290
<b>Number of Employees</b>	31 FTE

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## President's Report

Throughout 2013 Council focused on developing a range of new strategic plans in consultation with the community. In June 2013 Council adopted the Shire of Corrigin Strategic Community Plan around which Council must base its decisions and plans for the future. Whilst the task has been challenging for Councillors and Staff, much has been achieved over the past year in relation to the identification of key community objectives and establishing a direction for the future.

One of the focus areas is Economic Development and one of its goals is for our residents to be able to spend money locally, by growing our business community as well as encouraging tourism. To this end Corrigin participated in the Road to Wave Rock tourism video which will encourage visitors to our town. We receive many compliments about Corrigin with emails and phone calls as well as "drop-ins" congratulating us on the tidiness of the town, the attractiveness of our parks and gardens as well as the shopping opportunities.

Another focus area is Social Development, with a goal of providing good services to support our development as a Shire. After much hard work and determination we were finally able, by the end of June 2014 able to confirm that we had secured the services of a permanent doctor, as well as a new dentist. Not only does this enhance our social development but it also aids our goal of spending money locally by ensuring that people do not have to leave town for their appointments – and do their shopping while away.

Council has maintained a significant road works program throughout the year with expenditure of over \$2,043,000 on capital road works and \$1,699,000 on road maintenance. Council received just over \$2,737,000 in grant funding for roads from State and Federal Government funding programmes.

In addition, the finalisation of our plans for the Corrigin Recreation & Events Centre and the commencement of the construction phase of the project will enhance our community.

During 2013/14 Council adopted:

- Wheatbelt Aged Support and Care Solutions Project Report and the RoeROC Sub-regional Needs Study
- Equal Employment Opportunity Management Plan 2014-16
- Flying Flags at Half Mast Policy

Council entered into the following agreements:

- Wheatbelt General Practice Business Support Services Agreement
- MOU with the Shire of Lake Grace to provide Environmental Health Services through RoeROC



- Senior Citizens' Lease and Management Agreement
- Giggle Pots Day Care lease agreement
- RoeROC MOU for a 5 year term

In October 2013 we had Local Government elections which saw the retirement of three Councillors – Graeme Downing, Dave Bolt and Greg Johnson. These gentlemen gave many years of service to our community and I thank them for their commitment.

Three new Councillors were elected and we welcome Janeane Mason, Terry Pridham and Matthew Dickinson to the team.

All Councillors are available to residents and ratepayers for information and input and I encourage members of the community to make contact with elected members or staff with your concerns.

I would like to acknowledge the Council and Staff for their efforts over the past year and I look forward to an exciting and challenging next twelve months.

**Cr Lynette Baker**  
**President**



## Chief Executive Officer's Report

The Shire of Corrigin continues to maintain a strong financial position whilst continuing to expand on the services delivered and projects undertaken and completed.

2013 was the Shire of Corrigin's Centenary year with celebrations culminating at the Corrigin Agricultural Show in September. Many events occurred throughout the year giving current and past residents an opportunity to get together to celebrate 100 years of progress in the Shire.

2014 saw the commencement of the construction of the Corrigin Recreation and Events Centre project after 7 years of planning and raising funds. The new building is well underway with completion expected in late 2015.

The Shire's focus has once again been on the delivery of important programs and projects including the following:

- Upgrades to footpaths in Lynch Street
- Maintenance of parks and reserves to a high standard
- Upgrades to the primary health and dental facilities in Corrigin
- Continuing progress on the Yealering Bulyee Grain Freight Route Upgrade
- Improvements to Rotary Tourist Park Information Bay
- Capital road works upgrades to significant local roads

After several years without a resident Doctor, the Shire was extremely pleased to secure the services of Dr Raj Ramakrishna. Dr Raj has made an instant connection with the community and has begun to expand the number of services provided through the upgraded Corrigin Medical Centre. I welcome Dr Raj and his family to Corrigin and wish them every success during their time here.

The Shire of Corrigin has a long established relationship with neighbouring Shires through the Roe Regional Organisation of Councils (RoeROC). Environmental health, waste management and primary health care are all areas in which the Shires are working cooperatively to deliver services across participating Shires.

The Shire of Corrigin Community Strategic Plan identifies the priorities and aspirations identified by the community through public consultation. The Shire continues to work towards the implementation of strategies outlined in the Plan, the progress of which is reported within this year's Annual Report.





The Shire endeavours to engage with the community on a number of levels including the use of social media. Information on Shire activities is distributed through the Council Notes section of the Windmill Newspaper, the Shire Website and Facebook page.

Council has continued its strong support for Shire Staff to achieve positive outcomes for the community. I would like to extend a thank you to all Staff and our Elected Members.

**Julian Murphy**  
Chief Executive Officer



## Councillors



Cr Lynette Baker  
President  
Term Expires 2015  
Ph: 9065 7053



Cr Des Hickey  
Deputy President  
Term Expires 2017  
Ph: 0428 751 024



Cr Norm Talbot  
Term Expires 2015  
Ph: 0428 632 231



Cr Mike Weguelin  
Term Expires 2015  
Ph: 0400 190 221



Cr Janeane Mason  
Term Expires 2017  
Ph: 0417 095 804



Cr Terry Pridham  
Term Expires 2017  
Ph: 0429 192 659



Cr Matt Dickinson  
Term Expires 2017  
Ph: 0428 632 013





## Executive Management Team

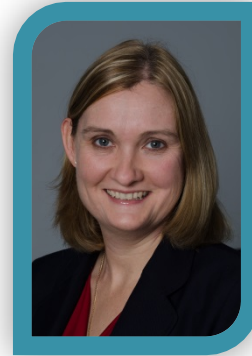
Taryn Dayman

Executive Manager Corporate & Community Services



Heather Talbot

Executive Manager Governance & Compliance

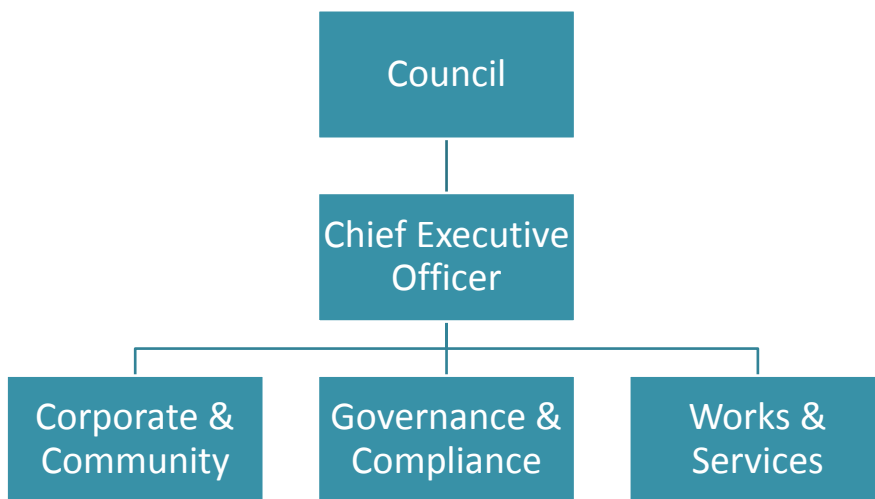


Greg Tomlinson

Manager Works & Services



## Organisational Structure



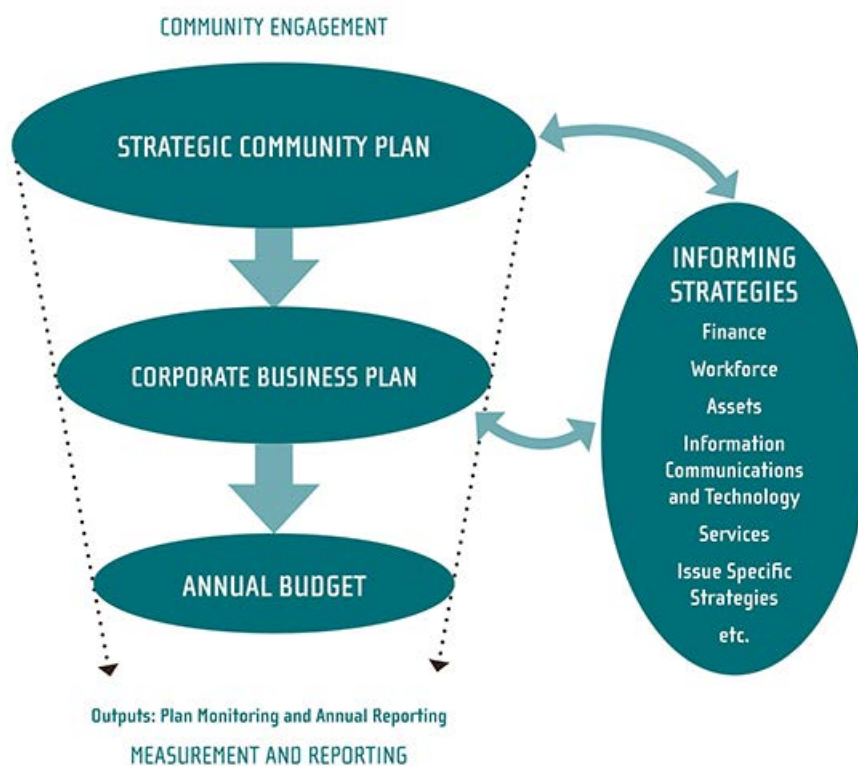
## Strategic Community Plan

In 2010, the Western Australian State Government introduced legislation requiring Local Governments to prepare an Integrated Planning and Reporting (IPR) Framework by June 2013.

Integrated planning ensures that Councils Strategic Plan reflect the community aspirations, visions, and priorities of the district.

The Shire consulted widely with the community to produce the Strategic Community Plan and other plans within the IPR Framework.

The diagram below highlights the components of the framework:



In accordance with the legislation and following extensive community input, Council adopted its Strategic Community plan in June 2013.

The plan is Council's principal planning and strategy document, which means that it governs all of the work that the Shire undertakes, either through direct services delivery, partnership arrangements, or advocacy on behalf of the community.

In accordance with the legislation, Council is required to report to the community annually its progress towards achieving the objectives.

## Strategic Community Plan 2013/14 - Progress

### Our Vision

#### ***“Corrigin – strengthening our community to grow and prosper into the future”***

The Shire of Corrigin comprises a diverse range of people, communities and landscapes. It is imperative that the vision captures the diversity of the area and is inclusive of all as the Shire moves forward. The community’s vision has been developed with a range of input received through the community engagement process. It reflects clear community aspirations for the ten-year period of the Strategic Community Plan.

#### ***Key Focus area one: Economic Development***

**Goal one: We want to be able to spend our money locally and encourage others to do the same.**

Goal	Strategy	Outcome	Status
1.1	Work with the business community to grow and attract a local workforce targeting young people	We can grow the local economy	Ongoing Council support of various agencies, including SBCEW and Wheatbelt Business Network (WBN) to develop and improve Corrigin Economic position and business growth.
1.2	Develop tourism in the Shire, showcasing existing attractions, new events and the main Street.	Showcasing our attractions increases the number of people visiting to the area	Ongoing Council support of various agencies and representation on regional tourism boards, development of regional tourism initiatives and strategies.
1.3	Develop short-term and overnight accommodation options in the Shire	Visitors stay longer in our community and short-term employees can reside in the Shire.	Provision of residential land for sale to enable the development of accommodation options. Limited amount of progress on short-term accommodations strategies to date.
1.4	Explore opportunities to improve technology across the Shire to support economic development	Improved technology helps us to be innovative and efficient in our business	Council continues to advocate to telecommunications suppliers and state government for the upgrade of local exchanges and towers. The Corrigin telephone exchange was recently upgraded to provide additional ADSL ports.



**Goal Two: Utilise the land available in the area for a range of new business.**

Goal	Strategy	Outcome	Status
2.1	Diversify businesses in the community to improve resilience	Increase customer spending and employment in the Shire	Ongoing Council support of various agencies, including SBCEW and WBN to develop and improve Corrigin resilience. Commencement of Council's Town Planning Scheme consolidation to enable more flexible development.

**Goal Three: We want a sustainable agricultural sector supporting our local economy**

Goal	Strategy	Outcome	Status
3.1	Work with Federal and State Government to support the growth of the agricultural sector	A thriving agricultural sector into the future.	Through partnerships and Council support of local farmer groups.

**Key Focus area two: Developing Leadership****Goal four: Transparent decision-making is important to us**

Goal	Strategy	Outcome	Status
4.1	Ensure active engagement with the community to inform decision-making	Community contribution to how local issues are managed.	Council has engaged key stakeholders to participate in discussions on major Council initiatives and projects. Council is developing a Community Consultation / Engagement Policy to facilitate and encourage community involvement in local issues.
4.2	Maintain a strong customer focus	Effective communications on key decisions	Council has been actively using print, electronic and social media to inform and engage with the community.



**Goal five: We want to strengthen our community's position for the future.**

Goal	Strategy	Outcome	Status
5.1	Maintain a resilient and independent Shire, with a clear vision for the future	A sustainable and progressive local government	Council continues its focus on providing good governance and planning for the district.
5.2	A representative model that reflects the community and acts on their aspirations	Effective governance and advocacy by the Shire	The community is represented by seven community elected members, with good attendance at Council and community meetings.

**Key Focus area three: Social Development****Goal six: We need good services to support our development as a Shire**

Goal	Strategy	Outcome	Status
6.1	Maintain the range of services and facilities provided by the Shire, particularly those for the rural area (roads) and sporting community	Essential services help us to prosper as a community.	Ongoing maintenance, upgrade and renewal of Councils assets and facilities.
6.2	Increase housing options to attract new families	Increased growth and participation in our community	Council ensures that there is adequate supply of residential land within Corrigin, with 32 lots for sale in Granite Rise.
6.3	Improve local health services to provide greater and more timely access for the community	Our community can more easily access the range of services they need at the time they need them	Ongoing Council support for the provision of Primary and Allied Health services to the community, including advocating with state government and other key stakeholders for the improvement of health services to the district.
6.4	Develop age care facilities in the Shire, including low care	Our residents can reside in the community for their whole life	Ongoing Council support to various agencies, including the Senior Citizens Committee. Improvement of Council's facilities and infrastructure to facilitate Corrigin as an Age-Friendly Community. Commencement of the development of an Age Friendly development plan.





6.5	Explore opportunities to support the growth of our schools, including through regional collaboration where feasible,	Our young people can access quality education with the Shire	Ongoing. Council has made limited progress to date
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#### Goal seven: We want to be an inclusive community

Goal	Strategy	Outcome	Status
7.1	Put in place mechanisms to increase involvement and engagement in the development of the community	Stronger, inclusive communities across the Shire that define our indemnity	Ongoing. Provision of adequate facilities and programs to facilitate increasing involvement and engagement of the community

#### Key Focus area Four: Social Development

#### Goal Eight: Sustainability and protection of our farm land is important to the future of the area.

Goal	Strategy	Outcome	Status
8.1	Provide support to increase innovative farming practices in the area	Our land will be more productive now and into the future	Ongoing Council support of local community groups and joint ventures, including CFGI
8.2	Support the increased protection of our Shire's environment through active land management	Future generations will experience and enjoy our natural environment	Ongoing. Continued active management of natural areas, in conjunction with key stakeholders and community members.

#### Goal Nine: We want to make the most of our environment, including to attract more visitors

Goal	Strategy	Outcome	Status
9.1	Explore opportunities to utilise key areas in the Shire by showcasing their natural and environmental characteristics and developing educational programs	We recognize and uphold the value of our natural landscape and encourage visitors to do the same	Ongoing support of local community groups and joint ventures, including Corrigin Farm Improvement Group and Corrigin District High School.



## Major Projects Snapshot



**Shire  
Administration  
Reception Upgrade**



**Community  
Resource Centre  
Upgrade**



**Caravan Park Fence  
Replacement**



**Water Storage  
Project Boyd St,  
Corrigin**



**Corrigin Recreation  
& Events Centre  
Project**



**Upgrade of Rotary  
Park – Partially  
funded by Rotary**



**Portable Aquatic Lift  
Corrigin Hydrotherapy  
Pool – Partially funded by  
Rotary**



**Footpath Renewals Lynch  
Street, Corrigin**



## 10 Year Road Program

2014/15			
Funding	Road	Description of Works	Budget \$
State RRG	Rabbit Proof Fence Rd	Reconstruct & widen	496,000
Grain Freight	Bulyee Rd	Reconstruct & widen	700,800
Federal R2R	Bendering Rd	Widen shoulders	300,000
Federal R2R	Dilling Railway Rd	New construction	65,000
Council	Dilling Railway Rd	New seal works	70,000
2015/16			
Funding	Road	Description of Works	Budget \$
State RRG	Rabbit Proof Fence Rd	Reseal	212,000
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	279,000
Grain Freight	Bulyee Rd	Reconstruct & widen	467,200
Federal R2R	Bendering Rd	Widen Shoulders	200,000
Federal R2R	Rendell St	Reseal & kerb	70,000
2016/17			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Federal R2R	Babakin Corrigin Rd	Reconstruct & widen	300,000
Federal R2R	Bilbarin Quairading Rd	Widen shoulders	126,000
2017/18			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Federal R2R	Babakin Corrigin Rd	Reconstruct & widen	300,000
Federal R2R	Dry Well Rd	Resheet	119,000
Federal R2R	Bilbarin Quairading Rd	Resheet	102,000
2018/19			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Federal R2R	Bendering Rd	Reconstruct & widen	200,000
Federal R2R	Goyder St	Reconstruct	150,000
2019/20			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Council	Bilbarin Quairading Rd	Widen shoulders	126,000
Council	Bullaring Pingelly Rd	Reconstruct & widen	200,000
2020/21			
Funding	Road	Description of Works	Budget \$
State RRG	Corrigin Narembeen Rd	Reconstruct & widen	490,000
Council	Bulyee Quairading Rd	Widen shoulders	270,000
Council	Boyd St	Reconstruct	150,000
2021/22			
Funding	Road	Description of Works	Budget \$
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	Dry Well Rd	Resheet	121,000
Council	Jose St	Reconstruct	200,000



<b>2022/23</b>			
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Budget \$</b>
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	Gill Rd	Widen shoulders	144,000
Council	49 Gate West Rd	Resheet	175,000
<b>2023/24</b>			
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Budget \$</b>
State RRG	Bullaring Pingelly Rd	Reconstruct & widen	490,000
Council	49 Gate West Rd	Resheet	175,000
Council	Barber Rd	Resheet	155,000
<b>Future Years</b>			
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Budget \$</b>
Council	Rafferty Rd	Resheet	280,000
Council	Fulwoods Rd	Resheet	135,000
Council	Lomos South Rd	Resheet	112,000
Council	Lomos North Rd	Resheet	142,000

Note: This program is indicative only and may be subject to change.

Council undertook the following construction works as part of the works program for the 2013/14 financial year

<b>2013/2014 Road Construction works</b>			
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Actual \$</b>
Federal R2R	Bendering Road	Reconstruct & Widen	414,424
Grain Freight	Bullaring Pingelly Road	Reconstruct & Widen	81,470
Grain Freight	Lomos South Rd	Reconstruct & Widen	77,505
Grain Freight	Bulyee Rd	Reconstruct & Widen	911,565
Council	Dilling Roadway Rd	New Construction	23,324
State RRG	Rabbit Proof Fence Rd	Reseal	467,061
Federal R2R	Corrigin Naremben Rd	Widen Shoulders	67,819



## National Competition Policy

This policy was introduced by the Commonwealth Government in 1995 to promote competition for the benefit of business, consumers and the economy by removing unnecessary protection of monopolies of markets where competition can be enhanced. It effects local governments as factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

In respect to Council's responsibilities in relation to the National Competition Policy the Shire reports as follows:

- No business enterprise of the Shire of Corrigin has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.
- The principles of competitive neutrality will be implemented in respect of any relevant activity undertaken during the next financial reporting period.

## Freedom of Information

In complying with the *Freedom of Information Act 1992*, the Shire of Corrigin is required to prepare and publish an information statement.

The Shire of Corrigin's Information Statement is reviewed annually and is available via Council's website or at the Shire administration office. The information statement contains information on the type of documents available to the public and how to access those documents.

Nil enquiries were received during the 2013-14 period.

## State Records Act

The *State Records Act 2000* requires the Shire maintains and disposes of all records in the prescribed manner.

Principle 6 – Compliance: Government Organisations ensure their employees comply with the record keeping plan.

Rationale:

An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:





1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire has complied with items 1 to 4.

## Disability Access and Inclusion Plan

Under the *Disability Services Act 1993*, all Western Australian Local Governments are required to develop and implement a Disability Access and Inclusion Plan (DAIP), addressing six desired outcomes, to be reviewed on an annual basis and reported on to the Disability Services Commission (DSC) by 31 July each year.

Council adopted a DAIP in June 2007 for implementation in 2007. Council is required to report on our present activities as they relate to the six desired DAIP outcomes.

1. Council is continually adapting our existing services to give people with disability the same opportunity as other people to access the services of, and any events organised by the Shire.
2. Council also continues with improvement to buildings and footpath infrastructure to assist both wheelchair and gopher access.
3. Wherever possible people with disability can receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it. This includes a comprehensive website and the ability to change documents to large font size.
4. The Shire staff are always encouraged to be aware of the needs of people with disability to ensure they receive the same level and quality of service as other people receive. The Shire also works with its contractors to ensure they are aware of their responsibilities.
5. People with disability have the same opportunities as other people to make complaints to the staff, this can be via written letters, email, SMS or verbally.
6. Council provides many ways for people to participate in public consultation and the staff are more than happy to discuss and grievances community members may have regarding the services available to people with disability.

In line with new legislative requirements due to become effective by 1 July 2015, and the need for a revision of the current DAIP, a new Disability Access and Inclusion Plan will be completed in 2014-2015.



## Employee Remuneration Disclosure

Regulation 19B of the *Local Government (Administration) Regulation 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

### Salary Range

\$ From	\$ To	Number of Employees
100,000	109,999	
110,000	119,999	
120,000	129,999	
130,000	139,999	1
Total		1

## Public Interest Disclosures

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with all obligations under the Act including:

Appointing the Executive Manager Governance and Compliance as the PID officer for the organization and publishing an internal procedure relating to the Shire's obligation.

Providing protection from detrimental action or the threat of detrimental action for an employee of the Shire who makes an appropriate disclosure of public interest information.

## Complaints Register

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

There were no complaints lodged against elected members in the year under review.



**Annual Financial Report**

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

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed as authorisation of issue on the 10th day of June 2015



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Julian Murphy  
Chief Executive Officer

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Rates	22	1,981,390	1,982,613	1,881,594
Operating Grants, Subsidies and Contributions	28	1,776,745	1,284,302	2,090,802
Fees and Charges	27	556,166	622,320	511,382
Interest Earnings	2(a)	142,391	203,801	144,233
Other Revenue		38,432	50,603	57,731
		<u>4,495,124</u>	<u>4,143,639</u>	<u>4,685,742</u>
<b>Expenses</b>				
Employee Costs		(1,728,710)	(1,801,423)	(1,508,701)
Materials and Contracts		(1,241,088)	(1,953,135)	(1,089,253)
Utility Charges		(285,404)	(309,566)	(300,388)
Depreciation on Non-Current Assets	2(a)	(1,741,565)	(1,700,269)	(1,626,581)
Interest Expenses	2(a)	(31,208)	(67,755)	(38,248)
Insurance Expenses		(193,138)	(273,283)	(238,199)
Other Expenditure		(214,553)	(255,310)	(63,615)
		<u>(5,435,666)</u>	<u>(6,360,741)</u>	<u>(4,864,985)</u>
		(940,542)	(2,217,102)	(179,244)
Non-Operating Grants, Subsidies and Contributions	28	2,340,265	2,427,948	2,710,027
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Impairment on land held for resale	5	(183,473)	0	0
Profit on Asset Disposals	20	182	93,746	98,287
Loss on Asset Disposal	20	(168,743)	(111,638)	(69,628)
		<u>1,047,689</u>	<u>192,954</u>	<u>2,559,442</u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	10,714,148	0	578,660
<b>Total Other Comprehensive Income</b>		<u>10,714,148</u>	<u>0</u>	<u>578,660</u>
<b>Total Comprehensive Income</b>		<u><u>11,761,837</u></u>	<u><u>192,954</u></u>	<u><u>3,138,102</u></u>

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



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

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Revenue</b>				
Governance		27,979	1,500	4,155
General Purpose Funding		2,994,821	3,067,458	3,626,026
Law, Order, Public Safety		338,535	35,600	31,514
Health		150,605	131,326	109,478
Education and Welfare		158,032	165,340	178,848
Housing		97,815	95,371	91,444
Community Amenities		162,905	155,932	157,554
Recreation and Culture		96,145	37,995	92,818
Transport		156,523	154,739	145,924
Economic Services		65,414	76,165	58,869
Other Property and Services		246,350	222,213	189,113
	2(a)	4,495,124	4,143,639	4,685,743
<b>Expenses</b>				
Governance		(553,754)	(628,877)	(611,383)
General Purpose Funding		(63,889)	(46,979)	(39,954)
Law, Order, Public Safety		(115,357)	(109,703)	(102,926)
Health		(393,492)	(524,140)	(434,705)
Education and Welfare		(403,824)	(381,084)	(224,362)
Housing		(109,069)	(122,735)	(135,684)
Community Amenities		(465,409)	(533,605)	(457,708)
Recreation and Culture		(1,118,378)	(1,463,629)	(757,262)
Transport		(1,793,011)	(1,996,469)	(1,684,994)
Economic Services		(249,384)	(270,470)	(247,750)
Other Property and Services		(322,363)	(215,910)	(130,010)
	2(a)	(5,587,931)	(6,293,601)	(4,826,738)
<b>Finance Costs</b>				
Education and Welfare		(565)	0	(2,009)
Housing		(1,638)	(1,740)	(5,839)
Recreation & Culture		(752)	(37,344)	0
Community Amenities		(28,253)	(28,056)	(30,400)
	2(a)	(31,208)	(67,140)	(38,248)
<b>Non-Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		0	0	376,608
Education and Welfare		0	0	37,286
Recreation & Culture		15,615	733,290	0
Community Amenities		2,000	0	2,063
Economic Services		5,455	6,000	5,455
Transport		2,316,862	1,688,658	2,288,615
Other Property and Services		334	0	0
		2,340,265	2,427,948	2,710,027
<b>Profit/(Loss) on Disposal of Assets</b>				
Health		(31,470)	(27,065)	(10,738)
Education and Welfare		182	0	0
Recreation & Culture		(63,827)	0	0
Community Amenities		0	0	17,910
Transport		0	49,864	51,312
Other Property and Services		(73,447)	(40,691)	(29,826)
		(168,561)	(17,892)	28,658
<b>Net Result</b>		<b>1,047,689</b>	<b>192,954</b>	<b>2,559,442</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	10,714,148	0	578,660
<b>Total Other Comprehensive Income</b>		<b>10,714,148</b>	<b>0</b>	<b>578,660</b>
<b>Total Comprehensive Income</b>		<b>11,761,837</b>	<b>192,954</b>	<b>3,138,102</b>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		25,239,099	3,514,380	0	28,753,479
Changes in Accounting Policy		0	0	0	0
Correction of Errors		0	0	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
Restated Balance		25,239,099	3,514,380	0	28,753,479
Comprehensive Income					
Net Result		2,559,442	0	0	2,559,442
Changes on Revaluation of Non-Current Assets	12	0	0	578,660	578,660
Total Comprehensive Income		<hr/> 2,559,442	<hr/> 0	<hr/> 578,660	<hr/> 3,138,102
Reserve Transfers		(722,476)	722,476	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2013</b>		<b>27,076,065</b>	<b>4,236,856</b>	<b>578,660</b>	<b>31,891,581</b>
Comprehensive Income					
Net Result		1,047,689	0	0	1,047,689
Changes on Revaluation of Non-Current Assets	12	0	0	10,714,148	10,714,148
Total Other Comprehensive Income		<hr/> 1,047,689	<hr/> 0	<hr/> 10,714,148	<hr/> 11,761,837
Reserve Transfers		(2,139,845)	2,139,845	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2014</b>		<b><u>25,983,909</u></b>	<b><u>6,376,701</u></b>	<b><u>11,292,808</u></b>	<b><u>43,653,418</u></b>

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

**SHIRE OF CORRIGIN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	6,828,123	4,557,429
Trade and Other Receivables	4	113,234	234,476
Inventories	5	109,048	119,405
<b>TOTAL CURRENT ASSETS</b>		<u>7,050,405</u>	<u>4,911,310</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	7,530	7,530
Inventories	5	1,610,000	1,774,539
Property, Plant and Equipment	6	21,395,839	11,234,056
Infrastructure	7	16,594,719	15,085,224
<b>TOTAL NON-CURRENT ASSETS</b>		<u>39,608,088</u>	<u>28,101,349</u>
<b>TOTAL ASSETS</b>		<u>46,658,493</u>	<u>33,012,659</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	221,791	223,060
Long Term Borrowings	9	141,850	149,128
Provisions	10	362,784	333,665
<b>TOTAL CURRENT LIABILITIES</b>		<u>726,425</u>	<u>705,853</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	2,246,998	388,846
Provisions	10	31,653	26,379
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,278,651</u>	<u>415,225</u>
<b>TOTAL LIABILITIES</b>		<u>3,005,075</u>	<u>1,121,078</u>
<b>NET ASSETS</b>		<u>43,653,418</u>	<u>31,891,581</u>
<b>EQUITY</b>			
Retained Surplus		25,983,909	27,076,065
<b>Asset Revaluation Reserve</b>			
Reserves - Cash Backed	11	6,376,701	4,236,856
Revaluation Surplus	12	11,292,808	578,660
<b>TOTAL EQUITY</b>		<u>43,653,418</u>	<u>31,891,581</u>

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

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,965,856	1,982,613	1,859,896
Operating Grants, Subsidies and Contributions		1,776,745	1,284,302	2,090,802
Fees and Charges		650,575	866,108	617,703
Interest Earnings		142,391	203,801	144,233
Goods and Services Tax		393,339	100,000	334,885
Other Revenue		38,432	50,603	57,731
		<u>4,967,338</u>	<u>4,487,427</u>	<u>5,105,250</u>
<b>Payments</b>				
Employee Costs		(1,675,162)	(1,801,423)	(1,478,630)
Materials and Contracts		(1,235,233)	(2,401,189)	(1,021,311)
Utility Charges		(285,404)	(309,566)	(300,388)
Insurance Expenses		(193,138)	(273,283)	(238,199)
Interest expenses		(30,410)	(67,755)	(40,802)
Goods and Services Tax		(386,628)	(100,000)	(300,226)
Other Expenditure		(214,552)	(255,311)	(63,614)
		<u>(4,020,527)</u>	<u>(5,208,528)</u>	<u>(3,443,170)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>946,811</u>	<u>(721,101)</u>	<u>1,662,080</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(948,585)	(3,170,213)	(1,212,330)
Payments for Construction of Infrastructure		(2,083,833)	(2,071,783)	(2,384,579)
Subsidies and Contributions		2,340,265	2,427,948	2,710,027
Proceeds from Sale of Plant & Equipment		165,161	509,474	228,210
		<u>165,161</u>	<u>509,474</u>	<u>228,210</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(526,992)</u>	<u>(2,304,573)</u>	<u>(658,672)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(149,126)	(171,579)	(164,970)
Proceeds from New Debentures		2,000,000	1,500,000	
		<u>2,000,000</u>	<u>1,500,000</u>	
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>1,850,874</u>	<u>1,328,421</u>	<u>(164,970)</u>
<b>Net Increase (Decrease) in Cash Held</b>		2,270,693	(1,697,253)	838,438
Cash at Beginning of Year		4,557,429	4,557,076	3,718,991
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>6,828,123</u></u>	<u><u>2,859,823</u></u>	<u><u>4,557,429</u></u>

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

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

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>Revenue</b>				
Governance		27,979	1,500	4,155
General Purpose Funding		1,013,431	1,084,845	2,121,039
Law, Order, Public Safety		338,535	35,600	31,514
Health		150,605	131,326	109,478
Education and Welfare		158,214	165,340	216,134
Housing		97,815	95,371	91,444
Community Amenities		164,905	155,932	177,528
Recreation and Culture		111,760	771,285	92,818
Transport		2,473,385	1,909,282	2,514,915
Economic Services		70,869	82,165	64,324
Other Property and Services		246,684	250,074	189,113
		<u>4,854,182</u>	<u>4,682,720</u>	<u>5,612,462</u>
<b>Expenses</b>				
Governance		(553,754)	(628,877)	(611,383)
General Purpose Funding		(63,889)	(46,979)	(39,954)
Law, Order, Public Safety		(115,357)	(109,703)	(102,926)
Health		(424,962)	(524,140)	(445,443)
Education and Welfare		(404,389)	(408,149)	(226,371)
Housing		(110,708)	(124,475)	(141,523)
Community Amenities		(493,662)	(561,661)	(488,108)
Recreation and Culture		(1,182,957)	(1,500,973)	(757,262)
Transport		(1,793,011)	(2,012,490)	(1,714,058)
Economic Services		(249,384)	(339,022)	(247,750)
Other Property and Services		(212,336)	(215,911)	(159,837)
		<u>(5,604,409)</u>	<u>(6,472,380)</u>	<u>(4,934,615)</u>
<b>Net Result Excluding Rates</b>		<b>(750,227)</b>	<b>(1,789,660)</b>	<b>677,847</b>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
Initial Recognition of Assets Due to Change to Regulations				
- Land				
(Profit)/Loss on Asset Disposals	20	168,561	17,892	(28,658)
Movement in Employee Benefit Provisions (Non-Current)		5,274	0	(4,528)
Depreciation and Amortisation on Assets	2(a)	1,741,565	1,700,270	1,626,581
<b>Capital Expenditure and Revenue</b>				
Purchase Land and Buildings		(145,297)	(1,626,626)	(369,373)
Purchase Infrastructure Assets - Roads		(2,043,322)	(1,839,606)	(2,345,506)
Purchase Infrastructure Assets - Other		(67,132)	(232,177)	(39,073)
Purchase Plant and Equipment		(748,399)	(1,523,608)	(833,227)
Purchase Furniture and Equipment		(28,268)	(19,980)	(9,730)
Proceeds from Disposal of Assets	20	165,161	509,474	228,210
Repayment of Debentures	21	(149,126)	(171,579)	(164,970)
Proceeds from New Debentures	21	2,000,000	1,500,000	0
Self-Supporting Loan Principal Income				
Transfers to Reserves (Restricted Assets)	11	(3,306,460)	(745,201)	(1,859,185)
Transfers from Reserves (Restricted Assets)	11	1,166,615	2,121,882	1,136,709
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	56,321	116,306	159,631
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	46,656	0	56,321
<b>Total Amount Raised from General Rate</b>	<b>22(a)</b>	<b><u>(1,981,390)</u></b>	<b><u>(1,982,613)</u></b>	<b><u>(1,881,593)</u></b>

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



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

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

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

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

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

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

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

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

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

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

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

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

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

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.

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

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

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

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

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

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

**(g) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

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

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

***Land Under Control***

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

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

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

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

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

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

**(g) Fixed Assets (Continued)**

***Initial Recognition***

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

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

***Revaluation***

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

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

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

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

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

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

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

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

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

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

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

**(g) Fixed Assets (Continued)**

***Transitional Arrangement***

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

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

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

***Early Adoption of AASB 13 - Fair Value Measurement***

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

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2014).

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

***Land under Roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

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

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

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets***

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

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

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

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

***Capitalisation Threshold***

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(h) Intangible Assets**

***Easements***

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

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

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

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

**(i) Financial Instruments**

***Initial Recognition and Measurement***

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

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

Amortised cost is calculated as:

(a) the amount in which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and

(d) less any reduction for impairment.

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

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

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



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

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

**(i) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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

***Impairment***

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

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

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

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

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

**(i) Financial Instruments (Continued)**

***Derecognition***

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

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

**(j) Impairment**

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

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

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

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

**(k) Trade and Other Payables**

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

**(l) Employee Benefits**

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

**(m) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

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

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

**(n) Provisions**

Provisions are recognised when:

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

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

**(o) Leases**

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

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

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

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

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

**(p) Investments in Associates**

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

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

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

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

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

**(q) Joint Venture**

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

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

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

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

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

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

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

**(s) Superannuation**

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

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

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

**(u) Rounding Off Figures**

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

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

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

**(v) Comparative Figures**

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

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

**(w) Budget Comparative Figures**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

These new and revised standards were:

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

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

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

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

2. REVENUE AND EXPENSES	2014 \$	2013 \$
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit of the financial report	15,090	13,552
- Other	1,820	12,109
- Financial Management Review	0	0
- Assistance with the finalisation of the annual financial report	6,000	0
<b>Depreciation</b>		
Buildings	270,732	255,988
Furniture and Equipment	35,825	42,157
Plant and Equipment	497,135	471,781
Roads	866,788	799,927
Footpaths	12,391	12,391
Drainage	5,285	5,285
Parks and Ovals	53,409	39,052
	1,741,565	1,626,581
<b>Interest Expenses (Finance Costs)</b>		
Finance Lease Charges		
Debentures ( <i>refer Note 21(a)</i> )	31,208	38,248
	31,208	38,248
<b>Rental Charges</b>		
- Operating Leases	0	0
(ii) Crediting as Revenue:	0	0
<b>Significant Revenue</b>		
	0	0

This significant revenues relate to

	2,014 \$	2,014 Budget \$	2,013 \$
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	124,853	187,301	123,358
- Other Funds	5,047	12,000	10,886
Other Interest Revenue ( <i>refer note 26</i> )	12,491	4,500	9,989
	142,391	203,801	144,233

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

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

**(b) Statement of Objective**

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

**GOVERNANCE**

Administration and operation facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various by-laws, fire prevention, emergency services and animal control.

**HEALTH**

Food quality and pest control, meat inspection of abattoirs, and administration of the Eastern Districts Regional Health Scheme and provision of various medical facilities.

**EDUCATION AND WELFARE**

Contributions towards the operation of the Senior Citizens centre and Frail Care Facility , assistance to the Family Day Care Centre, Occasional Day Care Centre and Playgroup as well as donations to other voluntary services.

Also includes services provided by the Community Resource Centre.

**HOUSING**

Maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

Rubbish collection services, operation of refuse disposal sites, noise control, administration of the town planning scheme, maintenance of the cemetery, maintenance of public conveniences and town water drainage, as well as the community bus.

**RECREATION AND CULTURE**

Maintenance of halls, swimming pool, recreation centres, various reserves and contracting of the library service.

**TRANSPORT**

Construction and maintenance of streets, roads, bridges, depot and airstrip, cleaning and lighting of streets, and the provision of police licensing services.

**ECONOMIC SERVICES**

Provision of tourism facilities, area promotion, building control, saleyards, noxious weed control, vermin control, screening plant, standpipes, Development Officer.

**OTHER PROPERTY AND SERVICES**

Private Works operations, plant repairs and operation costs.

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

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

<b>(c) Conditions Over Grants/Contributions</b>		<b>Opening Balance (*) 1-Jul-12</b>	<b>Received (+) 2012/13</b>	<b>Expended (#) 2012/13</b>	<b>Closing Balance (*) 30-Jun-13</b>	<b>Received (+) 2013/14</b>	<b>Expended (#) 2013/14</b>	<b>Closing Balance 30-Jun-14</b>
<b>Grant/Contribution</b>	<b>Function/ Activity</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial Assistance Grant Advan	GPF	770,398	1,568,255	(1,506,642)	<b>832,011</b>	836,676	(1,668,687)	<b>0</b>
RLCIP Funding	GPF		0	0	<b>0</b>			<b>0</b>
Royalties for Regions	GPF	622,558	376,608	(245,950)	<b>753,216</b>	0	(222,110)	<b>531,106</b>
Dry Season Funding	Education & Welfards		10,000	(9,000)	<b>1,000</b>	0	(1,000)	<b>0</b>
Resource Centre - Reception Upg	Education & Welfards		37,286	(27,526)	<b>9,760</b>	0	(9,760)	<b>0</b>
Roads to Recovery			465,387	(374,335)	<b>91,052</b>	266,729	(357,781)	<b>0</b>
Workforce planning Funding	GPF	0	0	0	<b>0</b>	25,000	0	<b>25,000</b>
Tobacco Grant Funding		0	0	0	<b>0</b>	10,000	(5,000)	<b>5,000</b>
<b>Total</b>		<b><u>1,392,956</u></b>	<b><u>2,457,536</u></b>	<b><u>(2,163,453)</u></b>	<b><u>1,687,039</u></b>	<b><u>1,138,405</u></b>	<b><u>(2,264,338)</u></b>	<b><u>561,106</u></b>

**Notes:**

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

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

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

The funds held for the above unspent grants have been restricted as follows

	<b>2014</b>	<b>2013</b>
Transfer to Reserves	\$ 531,106	\$ 1,658,281
Muni Funds Restricted @ Note 3	\$ 30,000	\$ 28,758
	<u>\$ 561,106</u>	<u>\$ 1,687,039</u>

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	421,421	291,813
Restricted	<u>6,406,702</u>	<u>4,265,616</u>
	<u><u>6,828,123</u></u>	<u><u>4,557,429</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Employee Entitlement Reserve	112,196	108,301
Community Bus Reserve	6,677	1,619
Staff Housing Reserve	122,733	94,340
Office Equipment Reserve	851	821
Plant Replacement Reserve	1,084,511	902,090
Swimming Pool Reserve	916	884
Roadworks Reserve	918,476	346,258
Land Subdivision Reserve	45,373	43,798
Townscape Reserve	2,309	2,229
Medical Reserve	123,759	317
LGCHP Long Term Maintenance Reserve	9,112	14,536
Community Development Reserve	1,045,726	967,344
Rockview Land Reserve	2,395	1,443
Roayalties for Regions Reserve	808,395	780,330
Financial Assistance Grant Reserve	(0)	832,011
RLCIP Grant Reserve	0	(0)
Centenary Celebration Reserve	(85)	21,461
Senior Citizen Units Reserve	42,592	31,461
Town Hall Reserve	46,710	35,436
Child Care Reserve	4,054	52,179
CREC Loan Reserve	2,000,000	0
Unspent Grants	<u>30,000</u>	<u>28,758</u>
	<u><u>6,406,702</u></u>	<u><u>4,265,616</u></u>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	51,086	35,551
Sundry Debtors	61,681	182,031
Provision for Doubtful Debts	(2,000)	(2,000)
GST Receivable	0	8,300
FBT Receivable	0	3,668
ESL Receivable	1,867	7,196
Monies Received in Advance	(270)	(270)
Trust	<u>870</u>	<u>0</u>
	<u><u>113,234</u></u>	<u><u>234,476</u></u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	7,530	7,530
Loans - Clubs/Institutions	<u>0</u>	<u>0</u>
	<u><u>7,530</u></u>	<u><u>7,530</u></u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	59,048	50,471
Land Held for Resale	<u>50,000</u>	<u>68,934</u>
	<u><u>109,048</u></u>	<u><u>119,405</u></u>
<b>Non-Current</b>		
Land Held for Resale	<u>1,610,000</u>	<u>1,774,539</u>
	<u><u>1,610,000</u></u>	<u><u>1,774,539</u></u>

In accordance with accounting policy outline within note 1(f), land held for resale is valued at the lower of cost or net realisable value.

During the year a valuation was obtained indicating net realisable value of \$1,660,000.

As a result, \$183,473 impairment loss has been recorded in the Statement of comprehensive income

**SHIRE OF CORRIGIN  
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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Freehold Land at:		
- Fair Value	1,660,000	0
- Cost	<u>0</u>	<u>1,843,473</u>
Total Land	1,660,000	1,843,473
Total Land	1,660,000	1,843,473
Buildings at:		
- Fair Value	15,879,577	0
- Cost	0	10,432,408
Less Accumulated Depreciation	<u>(62,870)</u>	<u>(4,953,766)</u>
Total Buildings	15,816,707	5,478,642
Total Land and Buildings	<u>17,476,707</u>	<u>7,322,115</u>
Furniture and Equipment	744,726	719,276
Less Accumulated Depreciation	<u>(662,552)</u>	<u>(630,228)</u>
	82,174	89,048
Plant and Equipment - Fair Value	4,758,587	4,284,933
Less Accumulated Depreciation	<u>(921,629)</u>	<u>(462,040)</u>
	<u>3,836,958</u>	<u>3,822,893</u>
	<u>21,395,839</u>	<u>11,234,056</u>

**Land and Buildings:**

The shire's land and buildings were revalued at 30 June 2014 by AVP Valuers.

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

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

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

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

The revaluation of these assets resulted in an overall increase of \$10,714,148 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

**Plant and Equipment:**

The Shire's Plant and Equipment was revalued at 30 November 2012 by AVP Valuers. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$578,660 in the net value of the Shire's Plant and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12 for further details) and was recognised as changes on Revaluations of non-current assets in the Statement of Comprehensive Income.

**SHIRE OF CORRIGIN**  
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**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Movements in Carrying Amounts**

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

	<b>Land (Level 2) \$</b>	<b>Specialised Buildings (Level 3) \$</b>	<b>Total Buildings \$</b>	<b>Total Land and Buildings \$</b>	<b>Plant and Equipment (Level 2) \$</b>	<b>Furniture and Equipment (Level 3) \$</b>	<b>Total \$</b>
Balance as at the beginning of the year	1,843,473	5,478,642	5,478,642	7,322,115	3,822,893	89,048	11,234,056
Change in Classification @ costs	(116,436)	(626,278)	(626,278)	(742,714)	26,799	0	(715,915)
Change in classification Accum	0	388,142	388,142	388,142	(9,823)	683	379,002
Additions	0	145,297	145,297	145,297	748,399	28,268	921,964
(Disposals)	0	(79,548)	(79,548)	(79,548)	(254,175)	0	(333,723)
Revaluation - Increments	0	10,781,185	10,781,185	10,781,185	0	0	10,781,185
- (Decrements)	(67,037)	0	0	(67,037)	0	0	(67,037)
Impairment - (Losses)	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0
Initial Recognition of assets Due to Changes to Regulations	0	0	0	0	0	0	0
Depreciation (Expense)	0	(270,733)	(270,733)	(270,733)	(497,135)	(35,825)	(803,693)
<b>Carrying amount at the end of year</b>	<b><u>1,660,000</u></b>	<b><u>15,816,707</u></b>	<b><u>15,816,707</u></b>	<b><u>17,476,707</u></b>	<b><u>3,836,958</u></b>	<b><u>82,174</u></b>	<b><u>21,395,839</u></b>



**SHIRE OF CORRIGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	32,450,555	30,407,233
Less Accumulated Depreciation	<u>(17,535,998)</u>	<u>(16,669,209)</u>
	14,914,557	13,738,024
Footpaths - Cost	601,432	601,432
Less Accumulated Depreciation	<u>(277,029)</u>	<u>(264,638)</u>
	324,403	336,794
Drainage - Cost	264,259	264,259
Less Accumulated Depreciation	<u>(134,757)</u>	<u>(129,472)</u>
	129,502	134,787
Parks & Ovals - Cost	1,898,060	1,115,012
Less Accumulated Depreciation	<u>(671,803)</u>	<u>(239,393)</u>
	1,226,257	875,619
	<u>16,594,719</u>	<u>15,085,224</u>

**SHIRE OF CORRIGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<u>Roads</u> \$	<u>Footpaths</u> \$	<u>Drainage</u> \$	<u>Parks and Ovals</u> \$	<u>Total</u> \$
Balance at the beginning of the year	13,738,024	336,794	134,787	875,620	15,085,225
Change in Classification @ cost:	0	0	0	715,915	715,915
Change in classification Accum	0	0	0	(379,002)	(379,002)
Additions	2,043,322	0	0	67,132	2,110,454
(Disposals)	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation (Expense)	(866,788)	(12,391)	(5,285)	(53,409)	(937,873)
<b>Carrying amount at the end of year</b>	<b><u>14,914,558</u></b>	<b><u>324,403</u></b>	<b><u>129,502</u></b>	<b><u>1,226,256</u></b>	<b><u>16,594,719</u></b>

**SHIRE OF CORRIGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	67,989	84,155
PAYG Liability	26,700	61,113
FBT Payable	25,655	0
GST Payable	3,503	0
Accrued Liabilities	57,700	58,370
Accrued Interest on Debentures	13,323	12,525
Accrued Salaries and Wages	26,922	6,897
	<u>221,791</u>	<u>223,060</u>

**9. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by Floating Charge		
Debentures	141,850	149,128
Lease Liability	0	0
	<u>141,850</u>	<u>149,128</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	2,246,998	388,846
Lease Liability	0	0
	<u>2,246,998</u>	<u>388,846</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

Analysis of Total Provisions		
Current	362,784	333,665
Non-Current	31,653	26,379
	<u>394,437</u>	<u>360,044</u>

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
Opening balance as at 1 July 2013	192,214	167,830	360,044
Additional provisions	130,917	28,218	159,135
Amounts used	(119,840)	(4,902)	(124,743)
Used amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2014	<u>203,291</u>	<u>191,146</u>	<u>394,436</u>

**SHIRE OF CORRIGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2014 \$	2014 Budget \$	2013 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Employee Entitlement Reserve</b>			
Opening Balance	108,301	108,301	103,781
Amount Set Aside / Transfer to Reserve	3,895	6,598	4,520
Amount Used / Transfer from Reserve	0	0	0
	<u>112,196</u>	<u>114,899</u>	<u>108,301</u>
<b>(b) Community Bus Reserve</b>			
Opening Balance	1,619	1,619	73,767
Amount Set Aside / Transfer to Reserve	5,058	5,099	3,213
Amount Used / Transfer from Reserve	0	0	(75,361)
	<u>6,677</u>	<u>6,718</u>	<u>1,619</u>
<b>(c) Staff Housing Reserve</b>			
Opening Balance	94,340	94,339	128,733
Amount Set Aside / Transfer to Reserve	28,393	5,747	5,607
Amount Used / Transfer from Reserve	0	(25,023)	(40,000)
	<u>122,733</u>	<u>75,063</u>	<u>94,340</u>
<b>(d) Office Equipment Reserve</b>			
Opening Balance	821	821	787
Amount Set Aside / Transfer to Reserve	30	50	34
Amount Used / Transfer from Reserve	0	0	0
	<u>851</u>	<u>871</u>	<u>821</u>
<b>(e) Plant Replacement Reserve</b>			
Opening Balance	902,090	902,091	808,670
Amount Set Aside / Transfer to Reserve	182,421	49,411	93,420
Amount Used / Transfer from Reserve	0	(710,899)	0
	<u>1,084,511</u>	<u>240,603</u>	<u>902,090</u>
<b>(f) Swimming Pool Reserve</b>			
Opening Balance	884	885	847
Amount Set Aside / Transfer to Reserve	32	54	37
Amount Used / Transfer from Reserve	0	0	0
	<u>916</u>	<u>939</u>	<u>884</u>
<b>(g) Roadworks Reserve</b>			
Opening Balance	346,258	346,257	5,772
Amount Set Aside / Transfer to Reserve	662,453	16,042	340,486
Amount Used / Transfer from Reserve	(90,235)	(90,235)	0
	<u>918,476</u>	<u>272,064</u>	<u>346,258</u>

**SHIRE OF CORRIGIN**  
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	2014 \$	2014 Budget \$	2013 \$
<b>11. RESERVES - CASH BACKED CONTINUED</b>			
<b>(h) Land Subdivision Reserve</b>			
Opening Balance	43,798	43,798	41,970
Amount Set Aside / Transfer to Reserve	1,575	2,668	1,828
Amount Used / Transfer from Reserve	0	0	0
	<u>45,373</u>	<u>46,466</u>	<u>43,798</u>
<b>(i) Townscape Reserve</b>			
Opening Balance	2,229	2,229	6,927
Amount Set Aside / Transfer to Reserve	80	136	302
Amount Used / Transfer from Reserve	0	0	(5,000)
	<u>2,309</u>	<u>2,365</u>	<u>2,229</u>
<b>(j) Medical Reserve</b>			
Opening Balance	317	318	304
Amount Set Aside / Transfer to Reserve	123,442	19	13
Amount Used / Transfer from Reserve	0	0	0
	<u>123,759</u>	<u>337</u>	<u>317</u>
<b>(k) LGCHP Housing Reserve</b>			
Opening Balance	14,536	14,536	13,929
Amount Set Aside / Transfer to Reserve	523	886	607
Amount Used / Transfer from Reserve	(5,946)	(5,946)	0
	<u>9,112</u>	<u>9,476</u>	<u>14,536</u>
<b>(l) Community Development Reserve</b>			
Opening Balance	967,344	967,344	834,287
Amount Set Aside / Transfer to Reserve	244,489	79,256	133,057
Amount Used / Transfer from Reserve	(166,107)	(370,000)	0
	<u>1,045,726</u>	<u>676,600</u>	<u>967,344</u>
<b>(m) Rockview Land Reserve</b>			
Opening Balance	1,443	1,443	520
Amount Set Aside / Transfer to Reserve	952	988	923
Amount Used / Transfer from Reserve	0	0	0
	<u>2,395</u>	<u>2,431</u>	<u>1,443</u>
<b>(n) Royalties for Regions Reserve</b>			
Opening Balance	780,330	780,330	622,558
Amount Set Aside / Transfer to Reserve	28,065	47,538	403,722
Amount Used / Transfer from Reserve	0	0	(245,950)
	<u>808,395</u>	<u>827,868</u>	<u>780,330</u>
<b>(o) Financial Assistance Grant Reserve</b>			
Opening Balance	832,011	832,011	770,398
Amount Set Aside / Transfer to Reserve	(0)	4,104	832,011
Amount Used / Transfer from Reserve	(832,011)	(832,011)	(770,398)
	<u>(0)</u>	<u>4,104</u>	<u>832,011</u>

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	2014 \$	2014 Budget \$	2013 \$
<b>11. RESERVES - CASH BACKED CONTINUED</b>			
<b>(p) RDAF Grant Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	500,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>500,000</u>	<u>0</u>
<b>(q) Centenary Celebration Reserve</b>			
Opening Balance	21,461	21,461	20,565
Amount Set Aside / Transfer to Reserve	771	1,307	896
Amount Used / Transfer from Reserve	(22,316)	(22,768)	0
	<u>(85)</u>	<u>0</u>	<u>21,461</u>
<b>(r) Senior Citizens Units Reserves</b>			
Opening Balance	31,461	31,461	20,565
Amount Set Aside / Transfer to Reserve	11,131	11,917	10,896
Amount Used / Transfer from Reserve	0	0	0
	<u>42,592</u>	<u>43,378</u>	<u>31,461</u>
<b>(s) Town Hall Reserve</b>			
Opening Balance	35,436	35,376	10,000
Amount Set Aside / Transfer to Reserve	11,274	11,650	25,436
Amount Used / Transfer from Reserve	0	(15,000)	0
	<u>46,710</u>	<u>32,026</u>	<u>35,436</u>
<b>(t) Child Care Reserve</b>			
Opening Balance	52,179	51,884	50,000
Amount Set Aside / Transfer to Reserve	1,875	1,731	2,179
Amount Used / Transfer from Reserve	(50,000)	(50,000)	0
	<u>4,054</u>	<u>3,615</u>	<u>52,179</u>
<b>(u) CREC Loan Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	2,000,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>2,000,000</u>	<u>0</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>6,376,702</u></u>	<u><u>2,859,823</u></u>	<u><u>4,236,856</u></u>

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

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

**Community Bus Reserve**

- to be used to fund to continual purchase of a community bus.

**Employee Entitlement Reserve**

- To be used to fund Employee Leave Entitlement requirements.

**Plant Replacement Reserve**

- to be used for the purchase of major plant items.

**Swimming Pool Reserve**

- to be used for the construction and maintenance of the swimming pool.

**Office Equipment Reserve**

- to be used for the purchase of office equipment.

**Roadworks Reserve**

- to be used to fund the construction of roads within the Shire of Corrigin.

**Land Subdivision Reserve**

- to be used to fund the installation of infrastructure in a land subdivision.

**Staff Housing Reserve**

- to be used for the construction and maintenance of the staff housing.

**Townscape Reserve**

- to be used for the continual upgrade of facilities as per the townscape plan.

**Medical Reserve**

- to be used for the continual upgrade of medical facilities within the Shire of Corrigin.

**LGCHP Housing Reserve**

- to be used to fund the long term maintenance of the joint venture housing the Shire of Corrigin

**Community Development Reserve**

- to be used for the continual upgrade of various community facilities in Corrigin.

**Royalties for Regions Reserve**

- to be used to fund identified Royalties for Regions projects as adopted.

**Financial Assistance Grant Reserve**

- to be used in accordance to the Local Government Grants Commission for funding of operating

**RDAF Grant Reserve**

- to be used to fund identified Regional Development Australia Fund projects as per agreements

**Rockview Land Reserve**

- to be used for the development of the Rockview Land Project.

**Senior Citizen Units Reserve**

- to be used to fund the construction of Senior Citizen Units.

**Centenary Celebration**

- To be used to fund future projects in conjunction of Corrigin Centenary Celebration.

**Town Hall Reserve**

- To be used for the maintenance and upgrade of the Corrigin Town Hall building, fixtures and fittings

**Child Care Reserve**

- To be used for the provision of child care facilities and services

**CREC Loan Reserve**

- To be use to fund the construction of the Corrigin Recreation and Events Centre

With the exception of the Centenary Celebration, Financial Assistance Funds and Child Care Reserve, all reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised

<b>12. RESERVES - ASSET REVALUATION</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and Buildings</b>		
Opening balance		
Revaluation Increment	10,714,148	0
Revaluation Decrement	<u>0</u>	<u>0</u>
	<u>10,714,148</u>	<u>0</u>
<b>(b) Plant and Equipment</b>		
Opening Balance	578,660	0
Revaluation Increment	0	578,660
Revaluation Decrement	<u>0</u>	<u>0</u>
	<u>578,660</u>	<u>578,660</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>11,292,808</u></u>	<u><u>578,660</u></u>

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

**(a) Reconciliation of Cash**

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>6,828,123</u>	<u>2,859,823</u>	<u>4,557,429</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	1,047,689	192,954	2,559,442
Impairment	183,473	0	0
Depreciation	1,741,565	1,700,270	1,626,581
(Profit)/Loss on Sale of Asset	168,561	17,892	(28,659)
(Increase)/Decrease in Receivables	184,448	243,788	83,759
(Increase)/Decrease in Inventories	(8,577)	20,471	16,474
Increase/(Decrease) in Payables	(63,606)	(468,527)	86,273
Increase/(Decrease) in Employee Provisions	33,523	0	28,237
Grants/Contributions for the Development of Assets	(2,340,265)	(2,427,948)	(2,710,027)
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>946,811</u>	<u>(721,100)</u>	<u>1,662,080</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	100,000		100,000
Bank Overdraft at Balance Date	0		0
Credit Card limit	15,000		15,000
Credit Card Balance at Balance Date	0		(5,478)
<b>Total Amount of Credit Unused</b>	<u>115,000</u>		<u>109,522</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	141,850		149,128
Loan Facilities - Non-Current	2,246,998		388,846
<b>Total Facilities in Use at Balance Date</b>	<u>2,388,848</u>		<u>537,974</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>		<u>0</u>



**SHIRE OF CORRIGIN**  
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**14. CONTINGENT LIABILITIES**

There are no known contingent liabilities at balance date.

<b>15. CAPITAL AND LEASING COMMITMENTS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Finance Lease Commitments</b>		
The Shire has no finance lease commitments		
<b>(b) Operating Lease Commitments</b>		
The Shire has no operating lease commitments		
<b>(c) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects		
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	0

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

**16. JOINT VENTURE**

The Shire together with the Shires of Narembeen, Kulin and Kondinin have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The only assets are a motor vehicle and miscellaneous equipment.

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current Assets</b>		
Motor Vehicle	29,974	33,067
Plant & Equipment	7,614	7,614
Less: Accumulated Depreciation	<u>(12,461)</u>	<u>(6,993)</u>
	<u>25,127</u>	<u>33,688</u>

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

Governance	170,680	151,972
General Purpose Funding	102,129	817,756
Law, Order, Public Safety	662,186	385,833
Health	749,277	648,687
Education and Welfare	394,380	448,664
Housing	2,049,290	2,102,430
Community Amenities	880,718	887,252
Recreation and Culture	6,264,521	4,388,837
Transport	18,652,639	16,866,556
Economic Services	145,219	150,663
Other Property and Services	2,206,038	2,333,073
Unallocated	<u>14,381,417</u>	<u>3,804,997</u>
	<u>46,658,493</u>	<u>32,986,718</u>

**SHIRE OF CORRIGIN**  
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<b>18. FINANCIAL RATIOS</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Current Ratio	1.048	1.081	1.338
Asset Sustainability Ratio	1.617	1.880	1.629
Debt Service Cover Ratio	4.615	7.310	7.380
Operating Surplus Ratio	(0.309)	(0.061)	0.127
Own Source Revenue Coverage Ratio	0.560	0.602	0.608

The above ratios are calculated as follows:

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

**Notes:**

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 57 of this document.

**SHIRE OF CORRIGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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:

	<b>Balance 1-Jul-13</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30-Jun-14</b>
	\$	\$	(\$)	\$
B.C.I.T.F	0	1,253	(1,082)	172
BRB	(70)	985	(704)	211
Bus Ticketing	143	3,090	(2,841)	392
Police Licensing	4,230	711,774	(707,139)	8,866
Single Persons Units - Bonds	308	0	0	308
Corrigin Community Development Fund	11,820	29,525	(6,168)	35,177
Friends of the Cemetery	2,510	0	0	2,510
Edna Stevenson Educational Trust	906,599	18,685	0	925,284
Corrigin Disaster Fund	10,929	0	0	10,929
Facility Bonds	1,900	818	(1,468)	1,250
Council Nomination Bonds	0	320	0	320
Building Bonds	0	2,000	0	2,000
	<u>938,370</u>			<u>987,419</u>

## 20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Health</b>						
EDRHS Vehicle	33,067	33,067	16,818	20,000	(16,249)	(13,067)
EHO Vehicle	28,998	28,998	13,777	15,000	(15,221)	(13,998)
<b>Education &amp; Welfare</b>	0	0	182	0	182	0
	185	0	0	0	(185)	0
<b>Recreation &amp; Culture</b>						
Cyril Box Pavilion	63,827	0	0	0	(63,827)	0
<b>Transport</b>						
Isuzu FR550 tipper - CR3	0	0	0	22,000	0	22,000
Mitsubishi Tipper - CR5	0	12,333	0	45,000	0	32,667
Grader 12H - CR26	0	59,665	0	62,000	0	2,335
Crew Cab - CR18	0	16,117	0	25,000	0	8,883
Loader - CR14	0	101,021	0	85,000	0	(16,021)
<b>Other Property &amp; Services</b>						
Utility - CR168	15,848	17,178	15,000	15,000	(848)	(2,178)
Utility - CR24	14,032	15,210	12,274	12,274	(1,758)	(2,936)
Utility - CR123	42,003	42,003	22,068	28,500	(19,935)	(13,503)
Utility - CR22	31,676	35,798	24,545	19,500	(7,131)	(16,298)
Utility - CR17	38,470	43,477	26,861	20,000	(11,609)	(23,477)
356 HUSQVANA	0	0	0	100	0	100
STHIL MS210	0	180	0	100	0	(80)
Vehicle - 1CR	50,080	50,080	33,636	40,000	(16,444)	(10,080)
<b>Unclassified</b>						
Jose Street Land*	2,000	0	0	0	(2,000)	0
58 Janes Drive*	13,536	0	0	0	(13,536)	0
Sale of Land	0	72,239		100,000	0	27,761
	<b>333,722</b>	<b>527,366</b>	<b>165,161</b>	<b>509,474</b>	<b>(168,561)</b>	<b>(17,892)</b>

**SHIRE OF CORRIGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1-Jul-13 \$	New Loans \$	Principal Repayments		Principal 30-Jun-14		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>								
Loan 98 - GEAH (Education)	39,304	0	39,304	39,304	0	0	1,130	1,231
Loan 100 - GEAH (Police)	17,394	0	17,394	17,394	(0)	0	509	509
<b>Community Amenities</b>								
Loan 101 - Land Subdivision	461,626	0	72,776	72,776	388,850	388,850	28,253	28,056
<b>Education &amp; Welfare</b>								
Loan 99 - Resource Centre	19,652	0	19,652	19,652	0	0	565	615
<b>Recreation &amp; Culture</b>								
New Loan -102	0	2,000,000	0	22,453	2,000,000	1,477,547	752	37,344
	537,976	2,000,000	149,126	171,579	2,388,850	1,866,397	31,208	67,755

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

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
<b>Recreation &amp; Events Centre</b>										
New Loan	2,000,000	1,500,000	WATC	Debenture	20	1,114,565	4.64%	0	1,500,000	2,000,000

**SHIRE OF CORRIGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. INFORMATION ON BORROWINGS (Continued)**

(c) Unspent Debentures

<b>Particulars</b>	<b>Date Borrowed</b>	<b>Balance 1-Jul-13 \$</b>	<b>Borrowed During Year \$</b>	<b>Expended During Year \$</b>	<b>Balance 30-Jun-14 \$</b>
<b>Recreation &amp; Events Centre</b>	29-Jun-14	0	2,000,000	0	2,000,000
		0	2,000,000	0	2,000,000

(d) Overdraft

Council established an overdraft facility of \$100,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2013 and 30 June 2014 was \$Nil.

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

**22. RATING INFORMATION - 2013/14 FINANCIAL YEAR**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>											
Non Rateable		148	155,743	0	0	0	0	0	0	0	0
GRV Value	0.099894	418	3,327,942	332,441	1,343	0	333,785	332,441	0	0	332,441
UV	0.01282	340	133,347,440	1,708,849	(6,337)	0	1,702,512	1,708,848	0	0	1,708,848
<b>Sub-Totals</b>		906	136,831,125	2,041,290	(4,994)	0	2,036,296	2,041,289	0	0	2,041,289
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV - Corrigin	325	40	50,000	13,000	0	0	13,000	13,000	0	0	13,000
GRV - Other	150	13	3,038	1,950	0	0	1,950	1,950	0	0	1,950
UV	325	14	112,899	4,550	0	0	4,550	4,550	0	0	4,550
<b>Sub-Totals</b>		67	165,937	19,500	0	0	19,500	19,500	0	0	19,500
							2,055,796				2,060,789
Discounts (refer note 25)							(74,406)				(78,176)
<b>Total Amount Raised from General Rate</b>							1,981,390				1,982,613
Specified Area Rate (refer note 23)							0				0
<b>Total Rates</b>							1,981,390				1,982,613



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

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

(b) Information on Surplus/(Deficit) Brought Forward	<b>2014</b> <b>(30 June 2014</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>	<b>2014</b> <b>(1 July 2013</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>	<b>2013</b> <b>(30 June 2013</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) - Rate Setting Statement</b>	<u>46,656</u>	<u>56,321</u>	<u>56,321</u>
<b><u>Comprises:</u></b>			
Cash - Unrestricted	441,661	291,813	310,813
Cash - Restricted	6,386,462	4,265,616	4,246,616
Investments - Restricted			
Rates - Current	56,615	41,081	41,082
Sundry Debtors	37,893	192,895	166,953
GST Receivable	(62,623)	8,300	8,300
Unclaimed Monies	(270)	(270)	(270)
Inventories			
- Fuel and Materials	59,048	50,471	50,471
- History Books			
<b><u>Less:</u></b>			
Reserves - Restricted Cash			
- Employee Entitlement Reserve	(112,196)	(108,301)	(108,301)
- Community Bus Reserve	(6,677)	(1,619)	(1,619)
- Staff Housing Reserve	(122,733)	(94,340)	(94,340)
- Office Equipment Reserve	(851)	(821)	(821)
- Plant Replacement Reserve	(1,084,511)	(902,090)	(902,090)
- Swimming Pool Reserve	(916)	(884)	(884)
- Roadworks Reserve	(918,476)	(346,258)	(346,258)
- Land Subdivision Reserve	(45,373)	(43,798)	(43,798)
- Townscapre Reserve	(2,309)	(2,229)	(2,229)
- Medical Reserve	(123,759)	(317)	(317)
- LGCHP Housing Reserve Reserve	(9,112)	(14,536)	(14,536)
- Community Development Reserve	(1,045,726)	(967,344)	(967,344)
- Rockview Land Reserve	(2,395)	(1,443)	(1,443)
- Royalties for Regions Reserve	(808,395)	(780,330)	(780,330)
- Financial Assistance Grant Reserve	0	(832,011)	(832,011)
- RLCIP Reserve	0	0	0
- Centenary Celebration Reserve	85	(21,461)	(21,461)
- Senior Citizens Units Reserve	(42,592)	(31,461)	(31,461)
- Town Hall Reserve	(46,710)	(35,436)	(35,436)
- Child Care Reserve	(4,054)	(52,179)	(52,179)
- CREC Loan Reserve	(2,000,000)	0	0
Reserves - Restricted Investments			
- Building Reserve			
Sundry Creditors	(67,991)	(84,155)	(58,216)
Accrued Liabilities	(57,700)	(58,370)	(58,370)
Tax Payable	32,421	(61,113)	(61,113)
Accrued Interest on Debentures	(13,323)	(12,525)	(12,525)
Accrued Salaries and Wages	(26,922)	(6,897)	(6,897)
Current Employee Benefits Provision	(362,784)	(333,665)	(333,665)
Trust Liability	870	0	0
<b>Surplus/(Deficit)</b>	<u>46,656</u>	<u>56,321</u>	<u>56,321</u>

**Difference:**

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

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

**23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR**

The Shire has no specified area rates.

**24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

The Shire has no service charges

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

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates & Minimum Rates	Discount	5.00%	74,406	78,176
			74,406	78,176
Photocopy Charge	Waiver		0	0
Rate Assessment	Write-Off		556	0

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

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

**26. INTEREST CHARGES - 2013/14 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		8,842	2,500
Interest on Instalments Plan	5.50%		3,403	2,000
Interest on Deferred rates			246	2,500
			12,491	7,000

Ratepayers had the option of paying rates in four equal instalments, due on 7th October 2013, 6th December 2013, 4th February 2014 and 4th April 2014. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2014</b> \$	<b>2013</b> \$
Governance	109	58
General Purpose Funding	26,785	24,274
Law, Order, Public Safety	8,877	6,685
Health	12,464	23,949
Education and Welfare	36,885	37,340
Housing	97,815	91,444
Community Amenities	162,905	150,165
Recreation and Culture	39,839	44,852
Transport	31,990	29,521
Economic Services	65,414	56,442
Other Property and Services	73,083	46,652
	<u>556,166</u>	<u>511,382</u>

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

**SHIRE OF CORRIGIN**  
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**FOR THE YEAR ENDED 30TH JUNE 2014**

**28. GRANT REVENUE**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	1,776,745	2,090,802
Non-Operating Grants, Subsidies and Contributions	<u>2,340,265</u>	<u>2,710,027</u>
	<u><u>4,117,011</u></u>	<u><u>4,800,829</u></u>
<b>By Program:</b>		
Governance	25,765	765
General Purpose Funding	844,255	1,952,532
Law, Order, Public Safety	329,658	24,829
Health	138,142	85,529
Education and Welfare	114,066	169,711
Housing	0	0
Community Amenities	2,000	9,452
Recreation and Culture	70,532	43,079
Transport	2,441,395	2,405,017
Economic Services	5,455	5,456
Other Property and Services	<u>145,744</u>	<u>104,459</u>
	<u><u>4,117,011</u></u>	<u><u>4,800,829</u></u>

**Note:**

The Operating Grants, Subsidies and Contributions disclosed above include reimbursements and recoveries received during the 2013/14 financial year totalling \$326,131.

**29. ELECTED MEMBERS REMUNERATION**

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

	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	29,568	28,000	20,400
President's Allowance	7,500	7,500	5,000
Deputy President's Allowance	1,960	1,875	1,250
Travelling Expenses	1,018	2,001	1,173
Telecommunications Allowance	6,045	7,000	0
	<u>46,091</u>	<u>46,376</u>	<u>27,823</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	<b>2014</b>	<b>2013</b>
	<u>31</u>	<u>28</u>

**SHIRE OF CORRIGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**31. MAJOR LAND TRANSACTIONS**

**Granite Rise Residential Subdivision**

(a) Details

The land was acquired during 2006/07 for development into a residential sub-division of 33 lots.

(b) Current year transactions	2014 \$	2014 Budget \$	2013 \$
<b>Operating Revenue</b>			
- Profit on sale	0	27,761	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	100,000	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included in land held for resale as disclosed elsewhere in this financial report.

There are no liabilities in relation to this land transaction as at 30 June 2014.

(c) Expected Future Cash Flows

	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$	Total \$
<b>(Cash Outflows)</b>						<b>0</b>
- Development Costs						0
- Loan Repayments	(100,832)	(100,832)	(100,832)	(100,832)	(100,832)	<b>(504,160)</b>
	<u>(100,832)</u>	<u>(100,832)</u>	<u>(100,832)</u>	<u>(100,832)</u>	<u>(100,832)</u>	<u><b>(504,160)</b></u>
<b>Cash Inflows</b>						<b>0</b>
- Loan Proceeds						0
- Sale Proceeds	120,000	120,000	120,000	120,000	120,000	<b>600,000</b>
	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u><b>600,000</b></u>
<b>Net Cash Flows</b>	<u>19,168</u>	<u>19,168</u>	<u>19,168</u>	<u>19,168</u>	<u>19,168</u>	<u><b>95,840</b></u>

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

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

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

**33. FINANCIAL RISK MANAGEMENT**

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

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

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

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	6,828,123	4,557,429	6,828,123	4,557,429
Receivables	120,764	242,006	120,764	242,006
Investments				
	<u>6,948,887</u>	<u>4,799,435</u>	<u>6,948,887</u>	<u>4,799,435</u>
<b>Financial Liabilities</b>				
Payables	221,791	223,060	221,791	223,060
Borrowings	2,388,848	537,974	1,438,807	537,974
	<u>2,610,639</u>	<u>761,034</u>	<u>1,660,598</u>	<u>761,034</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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

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

**(a) Cash and Cash Equivalents**

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

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

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

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

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	682,812	455,710
- Statement of Comprehensive Income		

**Notes:**

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

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

Impact of a 1% (\*) movement in interest rates on cash and investments:

- Equity	68,281	45,571
- Statement of Comprehensive Income	68,281	45,571

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

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2014</b>	<b>2013</b>
<b>Percentage of Rates and Annual Charges</b>		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
<b>Percentage of Other Receivables</b>		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%



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

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

**(c) Payables**

**Borrowings**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2014</u></b>					
Payables	221,791	0	0	221,791	221,791
Borrowings	<u>254,972</u>	<u>969,676</u>	<u>2,318,288</u>	<u>3,542,936</u>	<u>2,388,850</u>
	<u>476,763</u>	<u>969,676</u>	<u>2,318,288</u>	<u>3,764,727</u>	<u>2,610,641</u>
<b><u>2013</u></b>					
Payables	223,060	0	0	223,060	223,060
Borrowings	<u>179,124</u>	<u>401,676</u>	<u>50,209</u>	<u>631,009</u>	<u>537,974</u>
	<u>402,184</u>	<u>401,676</u>	<u>50,209</u>	<u>854,069</u>	<u>761,034</u>

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

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

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

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

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

**Weighted  
Average  
Effective  
Interest Rate  
%**

	<u>&lt;1 year</u> \$	<u>&gt;1&lt;2 years</u> \$	<u>&gt;2&lt;3 years</u> \$	<u>&gt;3&lt;4 years</u> \$	<u>&gt;4&lt;5 years</u> \$	<u>&gt;5 years</u> \$	<u>Total</u> \$	
<b>Year Ended 30 June 2014</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	0	0	0	0	388,850	2,000,000	2,388,850	4.90%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	6.23%	4.64%		
<b>Year Ended 30 June 2013</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	19,651	56,697	0	0	0	461,625	537,974	6.22%
Weighted Average Effective Interest Rate	6.23%	6.10%	0.00%	0.00%	0.00%	6.23%		

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF CORRIGIN**

**Report on the Financial Report**

We have audited the accompanying financial report of the Shire of Corrigin, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2014, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

**Management's responsibility for the financial report**

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), and for such internal control as Management determines 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



**Chartered  
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## Opinion

In our opinion, the financial report of the Shire of Corrigin:

- i. gives a true and fair view of the Shire of Corrigin's financial position as at 30 June 2014 and of its performance for the financial year ended 30 June 2014;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

## Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:

### **Submission of Financial Report**

The reconciled accounts and financial report for the year ended 30 June 2014 (including all year end accounting, fair value transitional requirements and reconciliation to independent valuation report) was not submitted to the auditor by 30 September 2014 as required by Section 6.1(1) of the Act.

- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

## AMD Chartered Accountants



**MARIA CAVALLO**

**Partner**

Bunbury, Western Australia

Dated this 10<sup>th</sup> day of June 2015

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

**RATIO INFORMATION**

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Asset Consumption Ratio	<b>0.444</b>	<b>0.44</b>	<b>N/A</b>
Asset Renewal Funding Ratio	<b>0.377</b>	<b>0.38</b>	<b>N/A</b>

The above ratios are calculated as follows:

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

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