



SHIRE OF MERREDIN

2013/2014

Annual Report



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





Cr Ken Hooper

Shire President

Shire President's Report

The October 2013 elections saw 5 new Councillors, being Caroline Blakers, John Flockart, Trent Thomas, Malcolm Willis and Maria Young being welcomed onto Council while we farewelled Donna Crook, Tracey McFarlane, Debbie Morris, Martin Morris and Wayne Wallace. I would like to commend our new Councillors on choosing to serve their community on Council and also take this opportunity to thank Debbie, Donna, Martin, Tracey and Wayne for their time and dedication to the role.

One of the major factors affecting metropolitan Councils over the last 12 months has been the amalgamation process which is nearing completion. The Minister for Local Government and Communities is expected to announce the changes to the metropolitan Councils around October 2014, in time for the next Local Government Elections scheduled for October 2015.

While previous State Governments have stated that the same amalgamation process will not occur in regional areas recent Ministerial statements may suggest otherwise. Should this be the case, the necessary staffing and financial resources required is likely to be substantial and will place a further demand on Council's future Budgets.

A focus for the current year has been the Central East Aged Care Alliance (CEACA) which is a key regional project involving 11 local governments including Bruce Rock, Kellerberrin, Koorda Merredin, Mt Marshall, Mukinbudin, Nungarin, Trayning, Westonia, Wyalkatchem and Yilgarn. The project involves the construction of 211 Independent Living Units (ILUs) across those Shires. A Business Case is currently being developed which will assist to attract funding for the project from a variety of Federal and State sources. Additionally, not-for-profit organisations are being consulted to determine what governance, services and funding can be contributed to the project.

I look forward to work continuing over the coming year on this exciting, and essential project, which will allow our seniors to age in their homes and communities.

In another regional project, through WEROC, Council is project managing the construction of 4 new houses in the region - 1 in Bruce Rock, 1 in Kellerberrin and 2 in Merredin. Construction is expected to commence in October 2014 and the houses will be utilised for accommodating staff and other professional personnel.



The unfortunate decision to freeze the indexation on Local Government Financial Assistance Grants (FAGs) in the Federal Budget announced in May 2013 will cut \$925 million from local government funding nationwide over the next 3 years. The direct effect of the freeze on Merredin is in the vicinity of \$635,000.

With the expected increase in road transport of grain as a result of the closure of the Tier 3 rail lines, the decision for Council on where to allocate funds will be ever-more challenging. Council, along with other State and Commonwealth Local Government bodies, are continuing to lobby the Federal Government to have the decision reversed.

Looking forward, Council will continue to engage locally and regionally, taking on board the community's ever-changing needs while working within the funding restraints of dwindling grant allocations.

I would like to take this opportunity to thank the CEO and staff on behalf of Councillors for their continued dedication to Merredin, and the community for their support and I look forward to further progress in the coming year.

Cr Ken Hooper
Shire President





Greg Powell

Chief Executive Officer

Chief Executive Officer's Report

2013/14 was a year of consolidation and review for the Shire following the adoption of the Integrated Planning Framework (IPR) suite of documents in June 2013. In conjunction with the Strategic Community Plan, which was adopted by Council in September 2012, the remaining documents include the Corporate Business Plan, Asset Management Plan, Workforce Plan and the Long Term Financial Plan.

While developing these Plans it became evident that inadequate provision has been made to provide for maintenance and renewals of the various assets currently owned and operated by Council. As a result there was limited investment in new capital projects during the year. Council will continue to review and rationalise its assets and services in an effort to reduce the financial impact on ratepayers.

The Plans are due for review in 2015 which will require considerable effort by staff and assistance from expert consultants, however as funding is not available from the State Government to cover these expenses the cost will need to be met by the ratepayers.

Perhaps one of the most significant projects for the year under review is the ongoing work by Council to acquire the old North Merredin Primary School site from the Department of Education. This process commenced in 2012 and it is expected that the transfer of the Management Order to the Shire for the purpose of Aged Care and Community Purposes can be completed by October 2014.

Council is keen to return the site to a well-cared-for precinct for the whole community to access and enjoy. Plans for the site include the relocation of the Library and the creation of a vibrant community hub which could include an art gallery, general display space, café, as well as areas for markets and or use by other community groups. A portion of the site is also earmarked for the development of the CEACA ILUs as mentioned by the Shire President.

As a result of community feedback provided as part of the IPR process significant improvements were made to a number of footpaths within the Merredin townsite, most specifically Kendall Street, Mitchell Street and Haines Street. Similarly, considerable funding was allocated to road works within the Shire during the year. It is anticipated that these areas will require extensive resources, both financial and in staff time, to manage appropriately given the heavy traffic expected from the grain freight network.



Council continues to work with our regional partners by sharing resources to enhance the provision of services to our communities including tourism and visitor services, ranger services, environmental health officers and building and planning expertise.

Although we live in challenging times I am positive that Merredin will continue to prosper as the regional centre of the Eastern Wheatbelt. With dedicated staff, a committed Council and an engaging community the Shire of Merredin will have a bright future.

I would like to thank the assistance of all who contributed to our achievements so far.

Greg Powell
Chief Executive Officer



Plan for the Future



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

- **Community** A Great Place for People: our goal is to develop a united and sustainable community by working collaboratively;
- **Economy** A Vibrant Economy: our goal is to be a prosperous, sustainable and a beautiful regional centre; and
- **Environment** A Sustainable Environment: our goal is to secure a cleaner and safer environment for future generations, through collective responsibility for the protection and management of our built and natural environment.

VISION

Council has adopted the following Vision for the community:

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

MISSION

Council has adopted the following Mission Statement:

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

VALUES

The Shire operates, at all times, under the following values:

Integrity

Act in an honest, open and accountable manner in all of our activities, ensuring they are equitable and socially just.

Participation

Provide genuine opportunities for informed community participation in decision making in a framework of local democracy.

Service

Be sensitive and responsive to the needs and aspirations of our community and focusing on customer satisfaction and value for money in all our dealings.

Learning

Continue learning from training, our actions and experiences and continually seek better and more innovative ways of doing things.

Valuing People

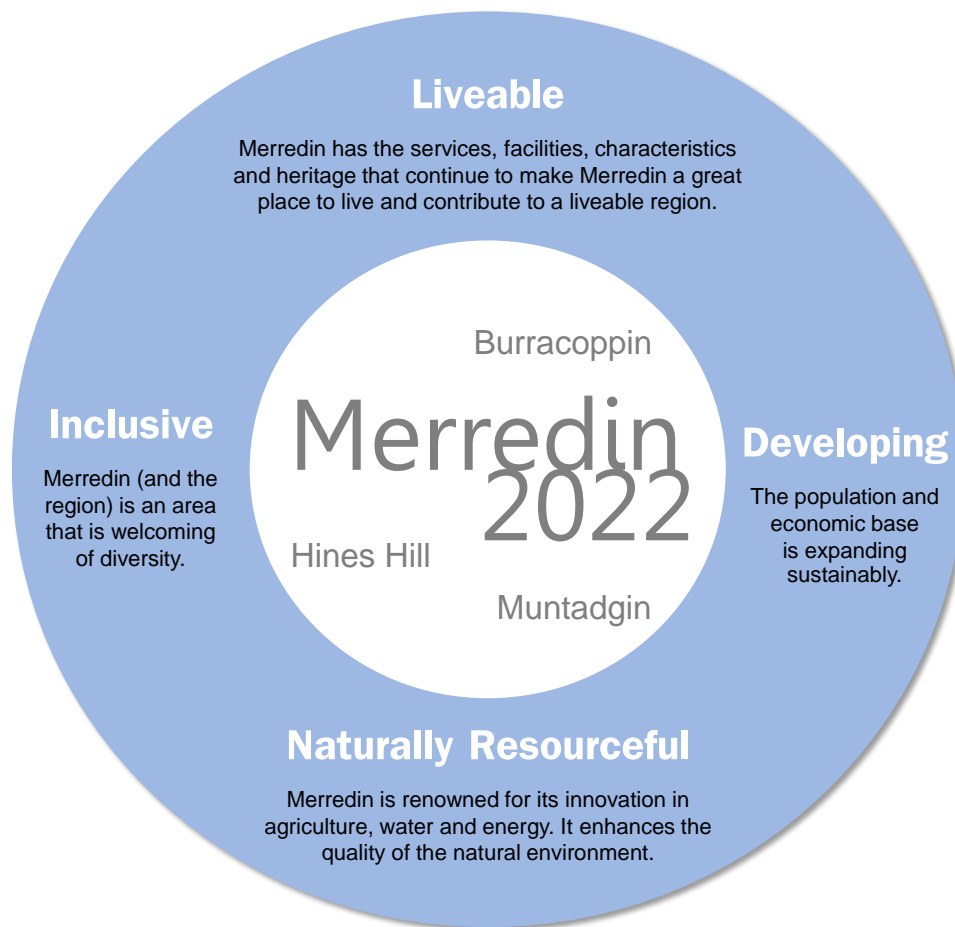
Value the contribution that people inside and outside the organisation make to the achievement of the Shire's vision.



Commitment Ensure our actions serve the people of Merredin and its long-term interests.

Sustainability Have a global perspective and ensure our actions minimise the impact on the environment and the resources available for future generations.

Shire of Merredin – Community Vision



Local Laws and Council Policies

The Local Government Act 1995 requires that all local governments review local laws every 8 years. Council has commenced that review which is expected to be completed during the 2014/15 year. This review includes general and specific policies.

Council has adopted a number of policies and reviews existing policies as required by statute or circumstance.

National Competition Policy

The Shire of Merredin has incorporated the principles and assessment of National Competition Policy into its practices and activities. Council policies and local laws are continually reviewed for anti-competitive practices and the Shire of Merredin does not believe to have undertaken activities that have been anti-competitive in nature.

Competitive Neutrality

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

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

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

The principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Merredin has none, and therefore do not apply to the Shire of Merredin.



Freedom of Information

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

Schedule 1 to the Act provides what information is exempt from the requirement to release documents to the public.

The Shire Administration received no such applications in the current reporting period.

State Records Act

The Shire of Merredin continued the consolidation of its Record Keeping Plan, as required by the State Records Act 2000, by progressing better practice recordkeeping and compliance with the minimum requirements of State Records Commission (SRC) Standard 2: Recordkeeping Plans and SRC Standard 6: Outsourcing.

Future Objectives – Compliance with SRC Principle 6

The Shire has made a commitment to address the following matters within specific timeframes:

Under SRC Standard 2:

Principle Two

- Development of procedures for:
 - Systems Management;
 - Metadata Management; and
 - A Migration Strategy;
- Further development of procedures for Website Management; to include further records of amendments to the site, and capture of periodic snapshots as a permanent record;
- Evidence that the draft Policy and Procedures have been adopted by Council and implemented for use by all staff; and
- Examination of options regarding investment in and implementation of an electronic records system, if required.

Principle Four

- Confirmation that archival records currently stored in the offsite storage facility have been identified and relocated to more suitable storage which ensures greater protection for these records;



- Investigation of options for offsite storage of backup tapes, and any action taken;
- Outcome of consideration given to options for purpose built records storage, including any action taken;
- Development and implementation of a Vital Records program; and
- Development of a Disaster Management Plan, including strategies for recovery of hard copy records.

Principle Five

- Evidence that lists of records for transfer or destruction are authorised by the CEO.

Principle Six

- Confirmation that in-house training in records management has been delivered to all staff; and
- Outcome of consideration given to establishing an intranet site for the Shire, including any action taken to publish information relating to records management.

Under SRC Standard 6:

Inclusion of clauses addressing recordkeeping requirements in new and renewed contracts for outsourced functions.

Disability Services Plan

The Disabilities Services Act requires Council to report on its Disability Services Plan achievements within its Annual Report. The Shire of Merredin Disability Access and Inclusion Plan 2007 – 2012 is currently being reviewed with plans to include main street improvements and building access improvements in accordance with the local Disabilities Services Commission Coordinator.

Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis or have been fully implemented. Currently the Executive Manager Development Services is responsible for the implementation of the principles and projects within the plan. When Council is addressing the issue of accessibility to Council facilities and functions it is aware that by providing better access for people with disabilities it is providing better access for the whole community.

Work continues to improve footpaths and access ways around the town site as part of recognising the Disability Services Plan.



Councillors' Remuneration

In the 2013/14 financial year the following remunerations were made to Councillors:

President (Including a Presidents Allowance):	\$20,000
Deputy President (Including the D/Presidents Allowance):	\$10,625
Councillors:	\$7,500

Police Licensing

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

Over 2013/14 the Licensing Centre processed a considerable number of licensing transactions, with Council receiving commissions totalling \$89,731.

Human Resources

In 2013/14 the Shire undertook an organisation restructure. As a result the Engineering Services workforce was reduced resulting in 2 redundancies and outsourcing all of the mechanical work. The restructure has also enabled the Shire to create new positions with a focus on supporting our operations and services into the future.

During 2013/14 the number of staff employed with the Shire was 52.81. Also throughout this period, the following positions were created or made redundant:

Created Positions

Deputy Chief Executive Officer (1 FTE)
Media & Communications Officer (1 FTE)

Redundant Positions

Mechanic (1 FTE)
Mechanic Apprentice (1 FTE)

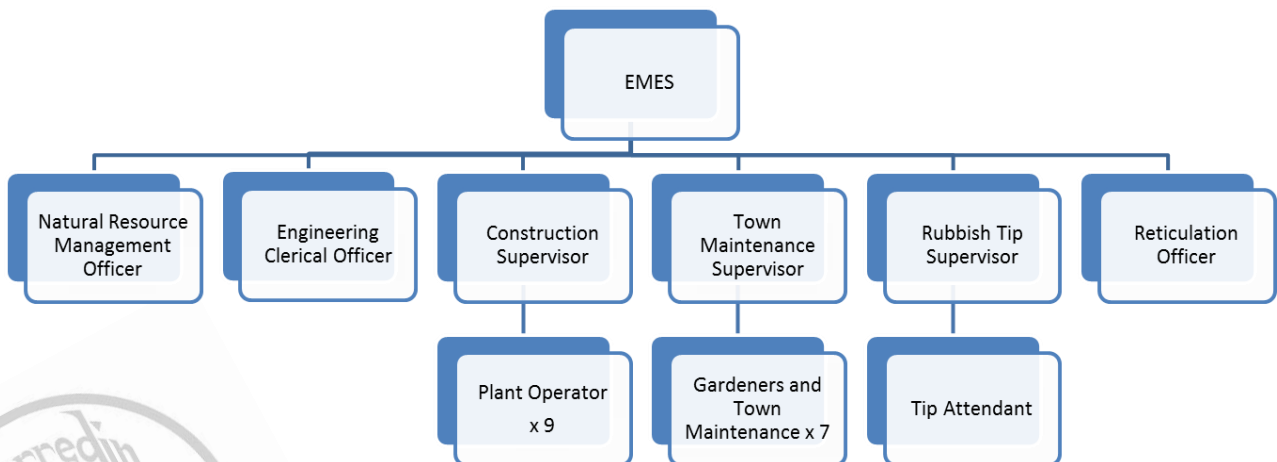
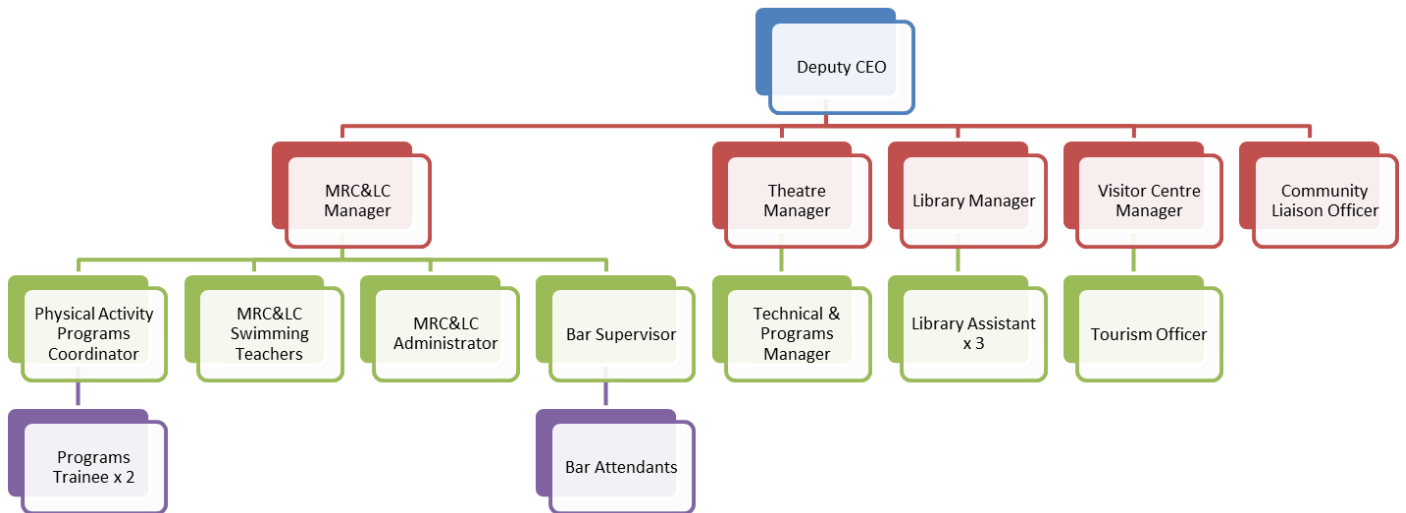
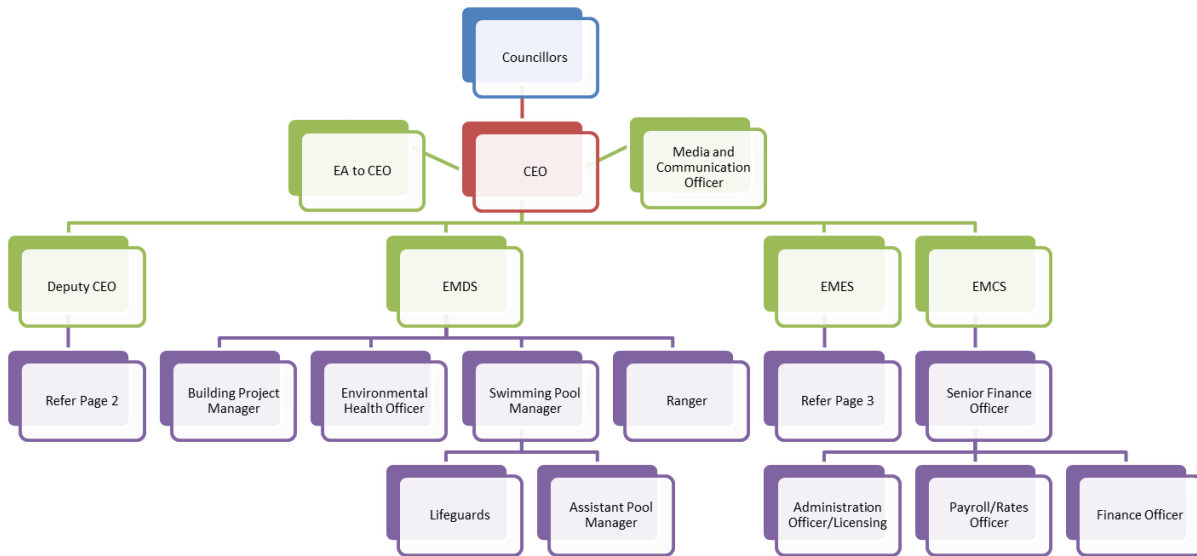
Employee Remuneration

Regulation 19B of the Local Government (Administration) Regulations 1996 states the number of employees entitled to an annual salary of \$100,000 or more, and the number of those employees with an annual salary entitlement within each band of \$10,000 over \$100,000, is required to be contained in Council's Annual Report.

The Shire of Merredin has two employees entitled to an annual salary more than \$100,000.



Organisational Charts



Statutory Compliance

Review of Delegations

In accordance with Section 5.46 of the Local Government Act 1995 a review was undertaken of the Shire's Delegation Register with Council adopting the review at its meeting on 18 February 2014 (CMRef 81313).

Completion of Annual Returns

In accordance with Section 5.76 of the Local Government Act 1995, all relevant persons lodged an Annual Return by the due date of 31 August 2013.

Compliance Audit Return

As specified by the Local Government Act all local governments are required to carry out an Annual Compliance Audit Return for the period 1 January to 31 December each year. The Return includes a range of compliance categories to be met.

The Compliance Audit Return for the Shire of Merredin was received by Council at its meeting on 18 February 2014 (CMRef 81298) and subsequently submitted to the Department of Local Government prior to 31 March 2014 in accordance with Regulations 14 and 15 of the Local Government (Audit) Regulations 1996.

Complaints of Minor Breach

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

There were no complaints received in 2013/14.

Integrated Planning and Reporting Framework

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

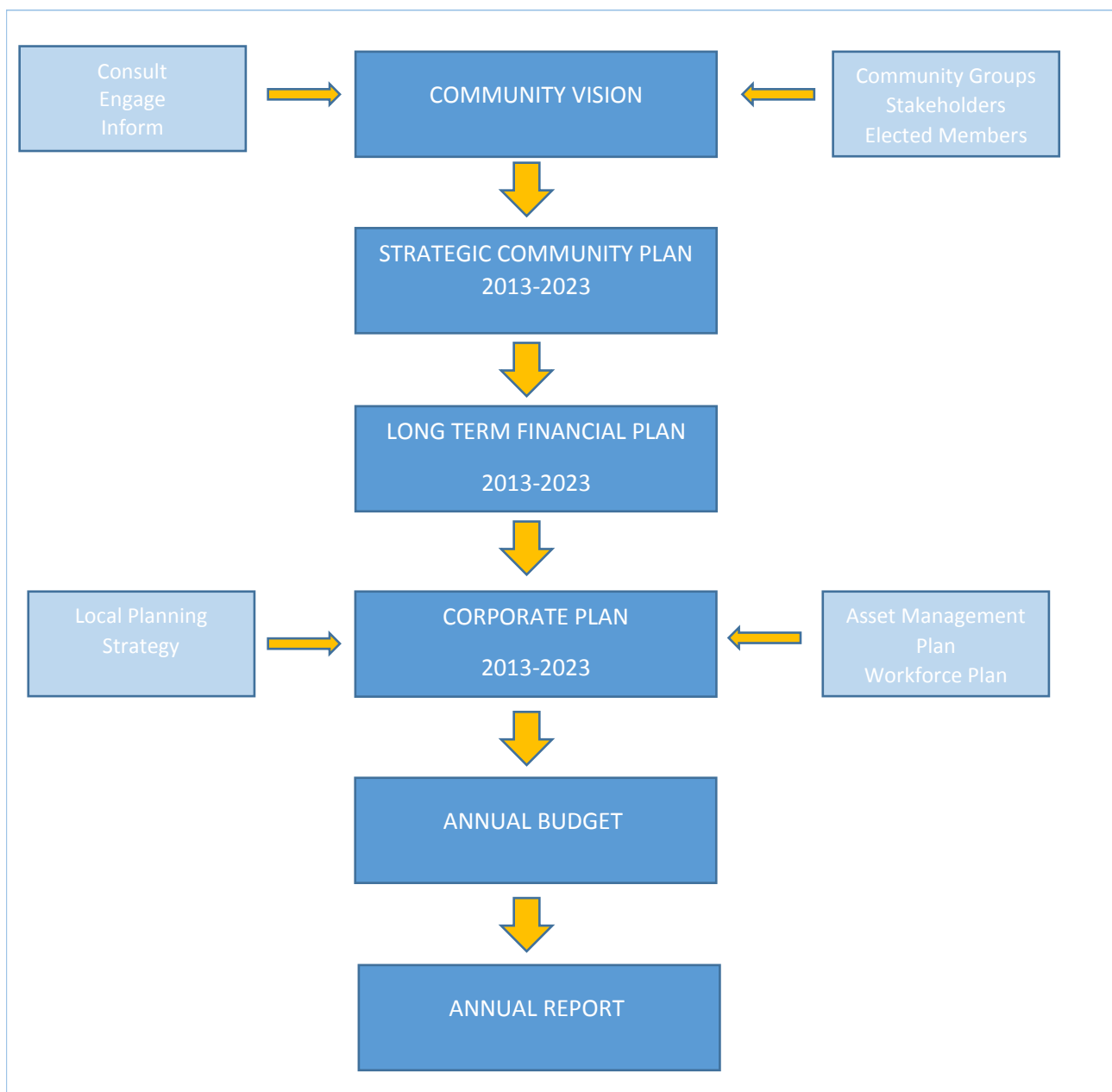
The objective of the framework is to continue to improve the efficiency and effectiveness of its operations with an increased level of community engagement.

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

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



Shire of Merredin's Integrated Planning Framework:



Our Progress

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

Strategic Priorities

STATUS

✓ Completed
▶ Commenced
✕ Deferred
↻ Ongoing

Strategic Priority 1

ECONOMIC DEVELOPMENT

INITIATIVE	STATUS	COMMENTS
Develop & implement an economic development strategy	▶	Development of the Central East Sub-Regional Economic Strategy commenced

Strategic Priority 2

ACCOMMODATION

INITIATIVE	STATUS	COMMENTS
Actively facilitate and encourage short stay accommodation	↻	Land rezoning completed and overnight accommodation sites for RV's identified
Investigate achieving RV Friendly Town status	▶	Addressing RV Friendly Town criteria commenced and a with the installation of a Dump Point located at the Merredin Tourist Park
Regional collaboration on needs assessment and strategy for aged accommodation	↻	Formation of Central Eastern Aged Care Alliance as the collaborative group to address aged accommodation. Development of business model and plan initiated
Improved standard of housing	↻	Two new 3 bedroom houses built for the purpose of accommodation for professionals

Strategic Priority 3

MEDICAL/HEALTH

INITIATIVE	STATUS	COMMENTS
The Shire will take a proactive advocacy role to support the provision of medical facilities and services to meet the needs of the	↻	The Shire continues to provide a medical facility under a lease agreement and advocates for the upgrade of infrastructure

region

Additional support and participation for the Local Health Action Group ▶ Council representation of the Group

Continue to play a facilitative role on the area of aged care () Through CEACA continuing advocacy for the implementation of services for the ageing

Undertake better promotion of the services provided by the Shire () A Media & Communications Officer was appointed for the purpose of informing, engaging and consulting with the community better

Strategic Priority 4

KEY ASSETS

INITIATIVE	STATUS	COMMENTS
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Provision of quality roads and footpaths	()	Council continues to implement an expanded annual road and footpath program based on its Asset Management Plan
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Opportunities to expand the provision of cycleway will be pursued	()	Development of a Cycle and Walk Trail to include interpretative signage and brochure Regional Bicycle Network to Merredin College completed
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Consolidation and maintenance of recreational and sporting facilities	()	Continued implementation of Council's Asset Management Plan and pursuing consolidation opportunities
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Strategic Priority 5

BUILT HERITAGE

INITIATIVE	STATUS	COMMENTS
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Protect and enhance Merredin's heritage buildings and features	()	Heritage buildings and features are included in Council's Asset Management Plan
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Strategic Priority 6

TOWN ENHANCEMENT

INITIATIVE	STATUS	COMMENTS
Staged upgrade of the CBD	✘	Until external funding becomes available this project is likely to be deferred
Progressively improving the entry statements and signage	▶	Signage audit completed
Enhance streetscaping and signage to achieve a tidy town	▶	Street tree audit completed Signage audit completed
Improve Merredin's distinctive character	(↻)	

Strategic Priority 7

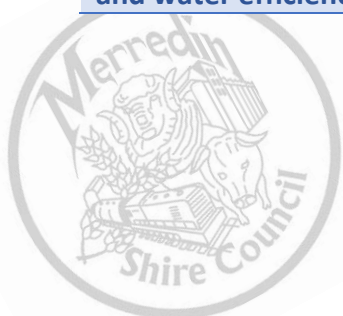
YOUTH

INITIATIVE	STATUS	COMMENTS
The Shire will work with the Youth Advisory Council to support youth-related initiatives	✘	Youth Advisory Council abolished. Working directly with youth and relevant stakeholders to support youth initiatives
The Shire will work with schools to engage youth	(↻)	The Shire continues develop partnerships with the schools to engage youth
Involve youth in a more central role in community planning	▶	An effort has been made to engage with the youth and provide opportunities to involve them in community planning

Strategic Priority 8

NATURAL ENVIRONMENT

INITIATIVE	STATUS	COMMENTS
Ensure the Shire's practices are environmentally conscious and work within existing frameworks to identify and fund relevant projects	(↻)	Processes being built into operating procedures to accommodate environmental needs where possible
Work with local groups to actively encourage the adoption of energy and water efficiency	(↻)	Commenced investigations



Strategic Priority 9

COMMUNITY SPIRIT

INITIATIVE	STATUS	COMMENTS
The Shire will place more effort into ensuring the community is well informed, creating opportunities for community involvement	()	With the appointment of a Media & Communications Officer the community is kept informed and engaged through a number of mediums
The Shire will support events and activities that encourage and enhance community pride and cohesion	()	A number of events and activities are supported and initiated by the Shire Two major events included Gala Night and Destination Merredin

Strategic Priority 10

CIVIC LEADERSHIP/ADVOCACY/REGIONAL COLLABORATION

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



Community Funding and Support

*Applications for
Community Funding are
sought by Council each
year with applications
closing 31 March*

Community Grants

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

In 2013/14 3 community groups were beneficiaries of \$5,740 in funding towards a number of very worthy projects. The recipients included:

- Senior Aged Games
- Wheatbelt Agcare
- Merredin Cricket Club

Support for community events, organisations and residents

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

- Merredin Agricultural Show
- Mangowine Community Concert

The Shire also provided financial support for the following organisations:

- Merredin College Chaplaincy Program
- Notre Dame Visitation Program
- John Curtain Volunteer Weekend
- Eastern Agricultural Districts Display
- Merredin College Scholarship



Through Councils own resources (OR) and external funding from Roads to Recovery (R2R), State Blackspot, Grain Freight Network (GFN), and Regional Road Group (RRG), Council has continued with their commitment towards enhancing the roads, footpaths and drainage infrastructure within the Shire.

Councils Town Maintenance Crew

The crew had a consistent year and apart from their mowing and garden duties they have been continuing the town street clean up that was actioned in late 2013.

The cricket wicket had a failure and was unplayable for the 2013/14 season and will have a complete revamp along with the oval in 2014/15. The three tanks have been installed and are fully operational at the MRC&LC and the dam near the old hockey field has been decommissioned. The old tennis courts have been removed and levelled and the grass transplanted to the surrounds of the synthetic turf with below surface reticulation laid to alleviate evaporation.

Merredin Peak has had a major clean up and the road leading into the car parks has been gravel sheeted. Some reticulation problems have surfaced again this year and are being sorted out.

Councils Road Construction Crew

The crew had another large schedule this year with the continuation of construction/reseals on:

- Merredin/Naremben Road and Wogarl/Muntadgin Road (GFN);
- Chandler/Merredin Road, Burracoppin South Road and Doodlakine/Bruce Rock Road (RRG);
- Allbeury Street, Solomon Street, Totadgin Hall Road, Brewery Road, Mitchell Street and Korbrelkulling Road (R2R2); and
- Collgar South Road and Chedwigen Way (O/R).

Engineering Services

Road construction

Road maintenance

Drainage

Footpaths

Sign maintenance

Refuse facility

Merredin cemetery

Parks and gardens

Natural Resource

Management



Road Construction/Maintenance

Council's Own Resources

Footpath Construction

Mitchell Street	construct and concrete 2.4m x 130m
Haines Street	construct and concrete 2.4m x 310m
Kendall Street (SCP)	construct and concrete 2.4m x 410m

Road Construction

Chedwiggen Way	bitumen reseal 530m
Collgar South Road	verge clearing, re-establish drainage and gravel re-sheet 4.8km section
Depot Dam Road	clearing 1.5km section

Road Maintenance

General maintenance	\$910,226
Harvest damage	\$12,368
Bitumen patching	\$8,673
Total cost of Councils OR \$1,060,691	

Grain Freight Network

Merredin/Naremben Road	reconstruct shoulders, extend culverts, seal 1m strip to each side of existing pavement and reseal full width of 8m
Total cost of GFN \$1,700,870	

Regional Road Group

Chandler/Merredin Road	reseal 8km section x 7m
Burracoppin South Road	reseal 2.3km section x 7m
Doodlakine/Bruce Rock Road	reconstruct and concrete stabilise 3km section and prime seal to 7m
Total cost RRG \$659,926	

Roads to Recovery 2

Allbeury Street	ashphalt, kerbing and backfill
Solomon Street	ashphalt, kerbing and backfill
Brewery Road	ashphalt, kerbing and backfill
Mitchell Street	ashphalt, kerbing and backfill



Totadgin Hall Road reseal
Korbrelkulling Road reseal
Gamenya Avenue postponed to 2014/15 with funds
transferred to works on Allbeury and
Solomon Streets
Total cost R2R2 \$502,133

State Black Spot Funding

Totadgin Hall Road postponed to 2014/15 due to Water
Corporation pipeline works being
deferred
Total cost SBSF \$341,313

Natural Resource Management

Monitoring and inspection duties undertaken during 2013/14 included the Shire's Production and Observation Bores as well as Malleefowl nesting sites at Merredin Peak and known Skeleton Weed infestation sites throughout the Shire.

Bio-Fund Project: Progress achieved in the first year with 4 Merredin farmers receiving total of 26,080 of free native seedlings for 22 ha of revegetation, approximately \$3,000 for 106 ha for feral baiting and approximately \$3,700 for 15km of fencing. Four other farmers are to receive similar subsidies in the 2nd year.

Merredin enhanced its WaterWise Council status by installing three 261kl stormwater storage tanks at the MRC&LC, funded by Royalties for Region's/Wheatbelt Natural Resource Management (WNRM) Stormwater Reuse Grants. Additionally, \$130,000 was received from the WNRM Stormwater Reuse Grants to cover the CBH Dam with Aqua Armour modules deployed to prevent algal blooms and water loss through evaporation.

A grant of \$1,000 from Landcare Australia was used to support the cost of plantings undertaken at Pioneer Park.

With funds received from a State NRM Community Grant a Tree Planting Day was organised in co-operation with Avongro and Activat8 Merredin in July which attracted 35 environmental enthusiasts from Merredin and Perth who planted more than 4,000 native species along the degraded section of Cohn Creek around Dam# 4.



Land Development

Land for sale

Carrington Way

There are two lots available for sale within the Carrington Way development. New dwellings have been constructed within that development and further residential development of the land is expected during the 2014/15 year.

Whitfield Way Stage Two

Whitfield Way Stage Two sales have been extremely slow and further residential land development is not expected to occur until these lots are sold.



Planning and Development

Environmental health

Building surveying

Town planning

Ranger services

Building construction

Building maintenance

Local law administration

Emergency services

Planning Service

Council utilises in-house experience for assessment of planning applications and engages a consultant planner to assist where required.

Amendment Three to the Local Planning Scheme was commenced to rezone the South Merredin Primary School to residential and mixed uses. The mixed uses include consulting rooms, office, reception centre, educational establishment and a place of worship. The Amendment is expected to be finalised by December 2014.

During the previous twelve months Council received and consented to 10 applications with a value of approximately \$6 million dollars.

Building Service

The Building Act 2011 places an obligation on local government to assess building applications within 25 working days of receipt of application. It is a requirement that the application be complete and include all other required statutory approvals including planning consent, health onsite disposal consent and, if the building is heritage listed, Heritage Council of WA consent is required. In certain situations this may also include Department of Environmental Regulation.

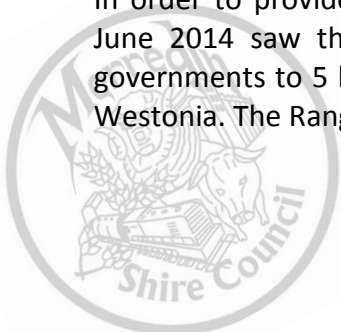
The Shire of Merredin provides a certification process for class 1 and 10 applications. Buildings of a class 2 – 9 are required to be submitted to the local government as certified applications. The Building Act and Regulations require building permits for retaining walls above 500mm, rainwater tanks above 5,000l and free standing structures such as aerials, radio masts and free standing walls. Increased application fees apply including a 0.09% (Building Services) levy for construction above \$45,000. The Shire acts solely as a collection agency for these levies.

For the 2013/14 financial year Council received 35 building applications with a value of approximately \$2 million dollars. Four new dwellings were constructed.

Council provides a building service to the Shires of Bruce Rock, Toodyay, Cue and several others.

Ranger Services

In order to provide a more responsive service to Merredin residents June 2014 saw the reduction of the external service from 8 local governments to 5 being Bruce Rock, Corrigin, Merredin, Nungarin and Westonia. The Ranger is now available in Merredin four days per week.



The Ranger can assist with dog and cat matters, Local Laws – Parking, Health, bushfire brigade inquiries, and Local Government Property and refuse/litter complaints.

Volunteer Bushfire Brigades

In preparation for the 2014/15 bushfire season all volunteer bushfire brigade units pre services were completed.

Collgar Volunteer Bushfire Brigade took delivery of a light tanker which is fitted with flash over blankets, deluge systems and internal fire curtains designed to add protection to the volunteers.



Environmental Health

During the period the following major projects were completed:

1. *I'm Alert* online food safety training, implemented in 2011 after a successful campaign, the training aims to ensure all community groups are producing safe and suitable food for fundraising purposes and there are now over 240 people who have completed the online course.
2. Successful clean-up of Tamma Parkland (Reserve 23739).
3. E-waste collection event in November 2013 with a total of 9.639 tonnes, which was considered to be one of the most successful collection events per capita in Australia. As a result Council are looking to become the regional centre for e-waste disposal in partnership with WE-ROC.
4. Tobacco Control grant funds were received and used to purchase playground and event 'finish line' signage with promotional logos and the "Smoke Free" message displayed. The equipment is able to be utilised at sporting events around Merredin.



Community Christmas Gala Night

Gala Night made a highly successful return in 2013. The retail sector had a very positive experience on the night and was very supportive of the community raffle. The raffle proceeds of just over \$1,600 went to the local St Johns Ambulance.

Destination Merredin 2014 – A Lifetime of Adventure

A brand new festival centred around the history and people of Merredin was trialled over the Mother's Day weekend in 2014. The event was held on 10-11 May with a "heritage day" on the Saturday and a Mother's Day picnic on the Sunday. Over 100 volunteers and contributors from many local community groups contributed to showcasing Merredin's pioneering heritage, artefacts and social history, and there was significant positive feedback from the community.

Destination Merredin 2015 will feature Wartime in the Wheatbelt and VE Day in commemoration of the ANZAC Centenary.

Notre Dame University Student Visit

The community hosted 26 first year medical students along with their professor for four days in March. The students visited all health services, completed a community service project and hosted a dinner for the host families and community members who had assisted them during the visit. Thanks to all the host families, Councillors and community member who helped facilitate the student visit.

Harmony Week

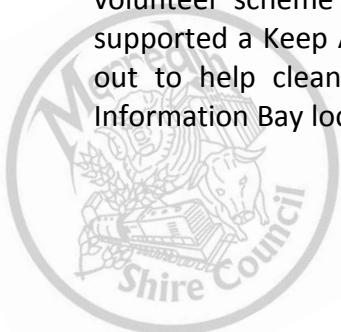
Flags were drawn on the footpath highlighting all the different birth countries of people living in Merredin. This year there are 31 different nationalities/cultures in our community. Where known, a greeting in the language of the birth country was also included.

Seniors Games

Merredin hosted the Games (once every 9 years) in March at the MRC&LC. The Shire supported event was co-ordinated by the Community Resource Centre and Senior Citizens Centre. The event proved to be a good PR exercise for the town with several teams staying two nights.

Tidy Towns

A Tidy Towns community group has been re-established under the volunteer scheme of the Community Resource Centre. Shire staff supported a Keep Australia Beautiful event where ten people turned out to help clean up held in March along Bates Street and the Information Bay located at the eastern entrance to town.



The Shire of Merredin won the Wheatbelt/Goldfields Regional Tidy Towns Award for Water Conservation in September despite not entering the awards. The judges were so impressed with Merredin's water conservation action we won the award by their decision.

ANZAC Day

This special day was commemorated with two services, one at dawn and one mid- morning. Over 500 people attended the services with veterans, cadets and service personnel taking part in the march. The guest speaker at the morning service, Adrian Martion, was in Merredin as part of a family reunion to dedicate their grandfather's grave in the Pioneer Cemetery. Three generations of the Martion family have served in the Australian National Service.

Youth Events

A Beatboxing and chalk art workshop was held in the July school holidays with 12 young people attending.

12 volunteer students from Curtin University were hosted in Merredin on the first weekend in September. They assisted with the planting in Pioneer Park and in the Community Garden. These students come from all around the world and most have never visited the country.

An urban art project was held on the first weekend of November. It involved a four day project of workshops creating some fantastic artwork at the MADCAPS childcare facility. 30 people registered with a range of demographics and skill levels. The project was facilitated by Darren Hutchins from Perth and proved to be a great community building exercise with feedback indicating the group want more of the same next year.

The Shire co-hosted a Skates, Sounds and Sausages event aimed at 15-17 year olds at Apex Park in February. The event was organised by RDA Wheatbelt Youth Connections as a PR exercise to identify students who were not intending returning to school or at risk of disengaging with the school system. Few students attended from the targeted age group however there were three or four families and a total of 18 young people. The skate parks proposed plans were again shown to the people present and a few fundraising ideas were put forward.

Consultation was undertaken with Year 9 students at Merredin College during April to discuss their expectations of the Merredin community and a "wish list" of what they thought might improve their lifestyle. They completed a short survey and the results were on display at the Merredin Show.



Community Work Team

The team completed their big clean-up of Pioneer Cemetery and Throssell Road corner park and started the Heritage Trails in August at Merredin Peak. Good progress has been made through to Fifth Street on the Heritage Trails. The community were invited to walk/cycle trails as they are constructed, have a shared lunch with work crew and have input into signage, artwork and construction.

For most of November the team worked at Merredin Peak clearing the trail around the bottom of the rock and doing a maintenance clean-up at Pioneer Cemetery.

The team started a training course in Conservation and Land Management and their work projects will serve as the practical components of the course meaning they achieve a qualification out of working on Shire projects.

During April the work crew completed a maintenance clean-up of Pioneer Cemetery again in preparation for ANZAC day celebrations.

A new trail brochure was published incorporating all the trails within the town boundary, including the new trails under construction. This was funded through a LotteryWest Trails grant.

During June the work team painted the railings and installed new netting around the 3 Cohn Creek crossings between Bates Street and King Street and began a spraying programme for weeds.



Merredin Regional Library

*The Merredin Regional
Library is the largest
library in the central
Wheatbelt*

Shire Community Facilities

The Merredin Regional Library continued throughout 2013/2014 in its regional support of libraries in the Wheatbelt Shires of Bruce Rock, Kellerberrin, Mt Marshall, Mukinbudin, Narembeen, Nungarin, Trayning, Westonia and Yilgarn.

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

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

- Storytime at Merredin Playgroup run by Amity Health
- Storytime held in the library during school term
- Participation in the Family Fun Day held monthly by Amity Health
- Expansion of the Tales of Times Past Program, including the collection of recordings of the tales told. The program was funded primarily by the Shire of Merredin in February 2013 and received a \$6,000 grant from Lotterywest to expand the program in July 2013.
- Running the National Simultaneous Storytime with participation from 3 classes at Merredin College.
- Running a colour-in competition to coincide with the Imaginary Theatre production of "Tashi" shown at the Cummins Theatre.
- Book Launch for a one-time resident of the Shire of Merredin.
- "Debunking the Myth" talk about C Y O'Connor.
- Participation in the Destination Merredin Festival, including the collation of photoboards.
- Ebook and Ancestry Online presentation for Seniors Week in collaboration with the Merredin Community Resource Centre.
- A successful Pink Morning Tea which raised over \$370 for Breast Cancer Research.
- Staff repainting the library without receiving any negative comments.
- An increase in the number of book donations to the library from Shire Residents.

The increase in activities offered by the library has been possible due to the staffing restructure of the library. The slight increase in staffing has allowed the staff to offer activities during library hours. These activities included the successful introduction of craft activities during the school holidays, aimed at children 3 years and above.



The additional staffing has allowed more time to focus on the organisation, cataloguing and expansion of the Local History Collection housed in the Merredin Library. Staff have also been successful in encouraging residents to donate items of historical value to be added to the collection including detailed maps of the area, photos and memorabilia.

The introduction of the Western Australian Public Libraries Digital Media Collection Subscription for free ebooks for WA public library members has seen the Shire of Merredin have the 2nd highest use per capita of the service for the year. The library is in preparation for the introduction of access to e-audio and e-magazines in 2014/15.

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

Merredin Regional Library is once again looking forward to providing more services and even more exciting collaborations with groups within the community in 2014/15.

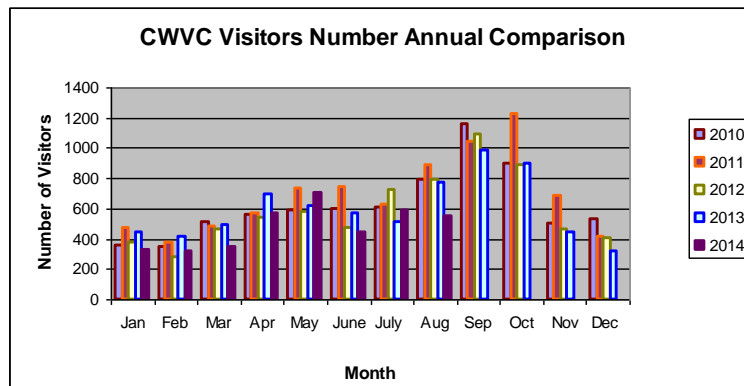


Central
Wheatbelt
Visitors Centre



The Central Wheatbelt Visitor Centre (CWVC) continues to be the predominant visitor servicing point of contact for the Eastern Wheatbelt region and the call to action in regional marketing and advertising campaigns.

The visitor statistics for a four year period (in the graph below) reflect the reduction in opening times from 7 day to 5 days from July 2013.



Continuing the support for regional tourism staff attended annual trade shows including the 2014 Perth Caravan and Camping Show and the 2014 NSW Caravan and Camping Super Show. The CWVC Manager is the current Wheatbelt Representative on the Australia’s Golden Outback (AGO) Board.

The CWVC advertises in important annual publications including Australia’s Golden Outback Holiday Planner; Cooks Tours’ ‘Beautiful South’; WA Accommodation and Tours listing and the Merredin Phone Directory. The CWVC Manager works closely with AGO and a number of new initiatives in joint promotional features and marketing opportunities have been carried out with successful visitor enquiries and brochure requests.

The CWVC embarked on a number of projects to increase exposure of the region, including a second edition of The Eastern Wheatbelt WA – A Visitors’ Guide, progressing an application to register Merredin as a CMCA RV Friendly Town, dissemination of events lists and electronic newsletters to regional Shires and stakeholders, adoption of the CWVC Working Group MoU tourism partners and attendance at most sub-regional tourism associated meetings.



Staff continue to support and participate in local events which provide public awareness into the Shire of Merredin's partnership with agencies and the CWVC as a community service. Such events and projects include:

- Advertising in the Wheatbelt Central Map & Guide WE-ROC (bi-annual publication)
- promotional banner for the CWVC
- RV Dump Point completion at Merredin Tourist Park
- installation of electronic signage on the CWVC roof to display events messages
- Gala Night Community Christmas celebration
- Destination Merredin
- Australia's Biggest Morning Tea
- Mental Health Day in conjunction with Primary Health
- a photography seminar held in conjunction with Primary Health and the Merredin Photography Club.

The CWVC website has enjoyed increased traffic to the website, increased sales of local history publications through the website, and an increase in visitor enquiries fed by use of the of the website as a trip planner

The CWVC has also been working with the Shire Community Liaison Officer on the development of brochures to promote these new multi-purpose trails with signage also displayed on the exterior of the CWVC building.



Cummins Theatre

One of the oldest buildings

in the Shire of Merredin,

the Theatre has served as

a centre for performances,

meetings and social

functions for decades.



Cummins Theatre has once again undergone significant changes to staff over the last 12 months with the resignation of both the Assistant Manager in November and the Theatre Manager in February. The appointment of a new Manager in February and a newly created position of Technical Director in May have reduced the theatre's previous dependency on volunteer staff but also decreased the level of administrative support.

The appointment of a trained technician was deemed a necessary step as the volunteer pool has significantly downsized due to many young volunteers pursuing educational and career opportunities in Perth.

The theatre is focussed on reducing overall financial losses and increasing revenue on the back of a poor financial year. Progress however is being made as the theatre recently received double the previous year's funding in grant monies from LotteryWest which will go towards audience development initiatives such as dance classes, movie nights, subsidised ticketing and workshops.

Staff aim to raise the profile of the theatre as a multipurpose venue by hosting community functions and events that do not necessarily have a live performance element.

Tuesday movie night began in April 2014 with the aim of attracting Merredin residents and visitors who may previously not have set foot on the premises before. The low cost of \$5 per ticket is designed to provide accessible entertainment to a wide demographic and educate future patrons and hirers of what the theatre has to offer.

The theatre continues to work in collaboration with community groups and has made in kind donations to Radio West, Fun for a Cause, Merredin College, Jeans for Genes, the Burracoppin Women's Sports teams, the Merredin Repertory Club and various other groups. The theatre has also drafted a policy whereby all companion card holders receive free tickets to events, as a way of giving back to the community and providing complimentary, much-needed respite for carers.

A residency program commenced in 2013 has continued to flourish with the hope that a permanent residence can be set up within walking distance to the theatre for the use of artists to further refine their work in the peaceful surrounds of Merredin and the Cummins Theatre. A grant application for this initiative is currently pending.



The Destination Merredin Playwriting Competition received several entries this year and a winner was selected with the assistance of Stages WA. Victorian playwright, Sacha Bowen, will take up residence in Merredin for 2 weeks in late 2014, and the premiere of her made-in-Merredin piece will be performed by local talent in 2015.

The theatre has also been working closely with Spare Parts Puppet Theatre (Fremantle), who have been creating an original work entitled Farm inspired by stories and community engagement activities from community members, which culminated in a world-premiere at the Cummins Theatre in September 2014. The show will also tour Kalgoorlie and Perth.

The theatre has plans for a variety of activities for Senior's Week in November 2014, including a Beatles Tribute Concert with entry to the event provided for free to all seniors.

The theatre's Technical Manager has also been holding workshops with local Merredin residents to better educate volunteers on the safety measures and care for theatre equipment with the hope of increasing the skillset and overall pool of volunteers.

Many steps have been taken to ensure the logistical and financial viability of Cummins Theatre for future years, so that it can continue to be Merredin's premiere venue for live events and community entertainment.



*Merredin District
Olympic
Swimming Pool*



The Pool enjoyed another successful season after funds were spent in the off season resulting in many positive comments on the pool's appearance from residents and tourists alike.

A new security system and solar hot water system were installed with signage also gradually being replaced to bring it up to standard.

Pool entries for the season were up approximately 2,000 on 2012/13 numbers to 18,600 in total for 2013/14.



Australia Day at the Pool

A great family orientated afternoon was again held at the pool with 200-300 people enjoying the free entry through the gates between 12-6pm. The swimming club managed the BBQ (raising \$200) while Pool Manager, John Simmonds, conducted the welcome and officiated over proceedings with great flair.

Movies at the Pool

Two fantastic family orientated outdoor movie evenings were held at the pool during February and March utilising our outdoor screen equipment with over 100 and 160 people attended each event respectively. Denver Simmonds, 15 years old, produced a video of "Pool Summer 2014" with some amazing footage of people using the pool and it gained very positive feedback when it was screened. Following a swim and BBQ, a family movie was screened.



Recreation Centre

In June 2013 Council appointed Mr Mark Turner as a Sport and Recreation Consultant to the Merredin Regional Community and Leisure Centre (MRC&LC) to endeavour to fix some of the operational problems faced by the Centre. With Mr Turner falling ill in late 2013, Steve Gregory was appointed to the position of Centre Manager in February 2014.

One of the MRC&LC's main objectives in 2014 is to work closely with the sporting groups and sports council to improve the relationship with open lines of communication. The majority of clubs are open to this approach and in most cases complications and issues are resolved early.

With the new multi-purpose synthetic surface now two years old the Centre is seeing a massive increase in people using the facility, particularly in junior and ladies hockey. With a pavilion being constructed on the eastern side of the surface it is expected that tennis and hockey will only grow stronger in numbers in the upcoming seasons.

Programmes

With a trainee finishing in May and limited staff, the MR&CLC now utilises all existing staff in an order to increase revenue with extra programs. The Centre now runs in excess of 15 programs a week with an average of 10 people per class catering for all ages of the community. Infant swimming classes and hydrotherapy pool aqua aerobics for adults are proving very popular with the pool now been used for classes 5 days per week.

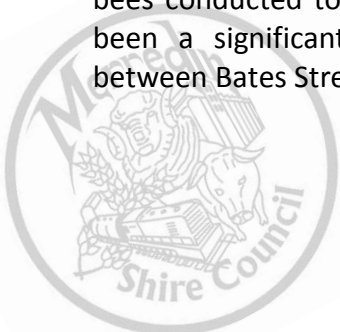
Grandstand Bar

In the last financial year the Grandstand Bar turned over approximately \$300,000 netting \$30,000. The Bar is expected to build on these figures for 2014/15.

In December 2013 the Bar implemented meals on a Friday night with our sporting clubs doing the catering. This has proved to be very successful with clubs able to fundraise as well as giving the general public a very reasonably priced meal.

Surrounds

The sporting clubs have done a great job this year with several busy bees conducted to keep the surrounds looking good. There has also been a significant amount of work done bituminizing the area between Bates Street and the new synthetic surface.



Councillors



Councillor
Ken Hooper
President
Expiry of Term:
17 October 2015



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



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



Councillor
Bradley Anderson
Expiry of Term:
17 October 2015



Councillor
Malcolm Willis
Expiry of Term:
21 October 2017



Councillor
Caroline Blakers
Expiry of Term:
21 October 2017



Councillor
John Flockart
Expiry of Term:
21 October 2017



Councillor
Maria Young
Expiry of Term:
21 October 2017

Councillor
Trent Thomas
Expiry of Term:
17 October 2015

Photo not available



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

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Principal place of business:
Cnr King & Barrack Street
MERREDIN
WA 6415

**SHIRE OF MERREDIN
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 Merredin being the annual financial report and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the Shire of Merredin 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 8th day of May 2015



Greg Powell
Chief Executive Officer

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	3,290,784	3,299,283	3,074,288
Operating Grants, Subsidies and Contributions	28	1,489,370	2,589,722	2,494,671
Fees and Charges	27	1,747,719	3,301,605	3,766,166
Interest Earnings	2(a)	155,024	165,716	176,831
Other Revenue	2(a)	481,266	231,370	222,380
		<u>7,164,163</u>	<u>9,587,696</u>	<u>9,734,336</u>
Expenses				
Employee Costs		(2,610,057)	(2,730,292)	(2,842,282)
Materials and Contracts		(2,651,017)	(2,965,192)	(2,915,364)
Utility Charges		(414,252)	(478,226)	(403,164)
Depreciation on Non-Current Assets	2(a)	(2,042,265)	(2,290,971)	(1,929,250)
Interest Expenses	2(a)	(78,813)	(72,455)	(67,256)
Insurance Expenses		(316,265)	(293,029)	(289,551)
Other Expenditure		(177,119)	(136,601)	(191,955)
		<u>(8,289,788)</u>	<u>(8,966,766)</u>	<u>(8,638,822)</u>
		(1,125,625)	620,930	1,095,514
Non-Operating Grants, Subsidies and Contributions	28	3,870,338	3,525,571	1,327,952
Profit on Asset Disposals	20	27,063	117,078	174,779
Loss on Asset Disposals	20	(26,864)	(29,240)	(87,869)
		<u>(26,864)</u>	<u>(29,240)</u>	<u>(87,869)</u>
NET RESULT		2,744,912	4,234,339	2,510,376
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	22,762,838	0	53,784
Total Other Comprehensive Income		<u>22,762,838</u>	<u>0</u>	<u>53,784</u>
Total Comprehensive Income		<u><u>25,507,750</u></u>	<u><u>4,234,339</u></u>	<u><u>2,564,160</u></u>

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

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		94,378	48,104	71,682
General Purpose Funding		4,645,745	5,760,758	5,369,880
Law, Order, Public Safety		216,726	205,766	260,905
Health		58,400	46,264	39,560
Education and Welfare		12,494	11,868	340
Housing		100,625	81,340	88,439
Community Amenities		582,528	518,833	507,469
Recreation and Culture		758,883	739,294	634,239
Transport		239,003	254,732	151,147
Economic Services		228,493	162,487	269,176
Other Property and Services		226,888	1,758,250	2,341,499
	2(a)	<u>7,164,163</u>	<u>9,587,696</u>	<u>9,734,336</u>
Expenses				
Governance		(730,448)	(713,441)	(615,437)
General Purpose Funding		(125,432)	(95,547)	(55,491)
Law, Order, Public Safety		(463,188)	(489,527)	(499,431)
Health		(163,496)	(239,807)	(204,603)
Education and Welfare		(13,839)	(43,486)	(15,228)
Housing		(169,646)	(176,618)	(154,909)
Community Amenities		(845,478)	(1,027,481)	(892,305)
Recreation & Culture		(2,647,137)	(2,684,525)	(2,321,831)
Transport		(2,345,934)	(2,652,833)	(2,126,431)
Economic Services		(703,755)	(740,962)	(783,870)
Other Property and Services		(2,622)	(30,084)	(902,030)
	2(a)	<u>(8,210,975)</u>	<u>(8,894,311)</u>	<u>(8,571,566)</u>
Financial Costs				
Governance		(60,211)	(60,616)	(66,844)
Education and Welfare		(18,395)	(11,518)	0
Recreation & Culture		(207)	(321)	(412)
	2(a)	<u>(78,813)</u>	<u>(72,455)</u>	<u>(67,256)</u>
Non-Operating Grants, Subsidies and Contributions				
Governance		9,900	0	0
Law, Order, Public Safety		321,769	0	426,641
Housing		452,202	1,044,138	0
Community Amenities		18,327	101,840	10,000
Recreation & Culture		25,500	793,672	38,899
Transport		3,042,640	1,585,921	852,412
		<u>3,870,338</u>	<u>3,525,571</u>	<u>1,327,952</u>
Profit/(Loss) on Disposal of Assets				
Governance		(2,914)	(3,801)	(2,022)
Law, Order, Public Safety		3,668	(12,630)	22,835
Health		(1,246)	(3,147)	(5,836)
Community Amenities		0	0	49,029
Transport		691	107,416	22,904
		<u>199</u>	<u>87,838</u>	<u>86,910</u>
Net Result		<u>2,744,912</u>	<u>4,234,339</u>	<u>2,510,376</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	22,762,838	0	53,784
Total Other Comprehensive Income		<u>22,762,838</u>	<u>0</u>	<u>53,784</u>
Total Comprehensive Income		<u><u>25,507,750</u></u>	<u><u>4,234,339</u></u>	<u><u>2,564,160</u></u>

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

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

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,868,361	3,658,062
Trade and Other Receivables	4	1,787,955	663,753
Inventories	5	160,318	41,966
TOTAL CURRENT ASSETS		<u>4,816,634</u>	<u>4,363,781</u>
NON-CURRENT ASSETS			
Other Receivables	4	557,636	85,925
Inventories	5	1,091,500	1,091,500
Property, Plant and Equipment	6	38,502,403	17,463,880
Infrastructure	7	45,827,824	41,907,902
TOTAL NON-CURRENT ASSETS		<u>85,979,363</u>	<u>60,549,207</u>
TOTAL ASSETS	17	<u>90,795,997</u>	<u>64,912,988</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	481,582	428,047
Current Portion of Long Term Borrowings	9	143,183	112,508
Provisions	10	581,899	659,255
TOTAL CURRENT LIABILITIES		<u>1,206,664</u>	<u>1,199,810</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,251,146	905,773
Provisions	10	60,230	37,198
TOTAL NON-CURRENT LIABILITIES		<u>1,311,376</u>	<u>942,971</u>
TOTAL LIABILITIES		<u>2,518,040</u>	<u>2,142,781</u>
NET ASSETS		<u>88,277,957</u>	<u>62,770,207</u>
EQUITY			
Retained Surplus		63,242,695	61,583,966
Reserves - Cash Backed	11	2,218,640	1,132,457
Revaluation Surplus	12	22,816,622	53,784
TOTAL EQUITY		<u>88,277,957</u>	<u>62,770,207</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		59,009,130	1,196,917	0	60,206,047
Comprehensive Income					
Net Result		2,510,376	0	0	2,510,376
Changes on Revaluation of Non-Current Assets	12	0	0	53,784	53,784
Total Comprehensive Income		<u>2,510,376</u>	<u>0</u>	<u>53,784</u>	<u>2,564,160</u>
Transfers from/(to) Reserves		64,460	(64,460)	0	0
		<u>64,460</u>	<u>(64,460)</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2013		61,583,966	1,132,457	53,784	62,770,207
Comprehensive Income					
Net Result		2,744,912	0	0	2,744,912
Changes on Revaluation of Non-Current Assets	12	0	0	22,762,838	22,762,838
Total Comprehensive Income		<u>2,744,912</u>	<u>0</u>	<u>22,762,838</u>	<u>25,507,750</u>
Transfers from/(to) Reserves		(1,086,183)	1,086,183	0	0
		<u>(1,086,183)</u>	<u>1,086,183</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2014		<u>63,242,695</u>	<u>2,218,640</u>	<u>22,816,622</u>	<u>88,277,957</u>

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

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,348,791	3,449,283	3,041,368
Operating Grants, Subsidies and Contributions		329,404	2,589,722	2,580,955
Fees and Charges		1,747,719	3,408,982	3,766,166
Interest Earnings		155,024	165,716	176,831
Goods and Services Tax		616,282	0	692,250
Other Revenue		481,266	164,208	222,380
		<u>6,678,486</u>	<u>9,777,911</u>	<u>10,479,950</u>
Payments				
Employee Costs		(2,680,399)	(2,730,292)	(2,764,235)
Materials and Contracts		(2,705,342)	(3,465,192)	(3,172,187)
Utility Charges		(414,252)	(478,226)	(403,164)
Interest Expenses		(73,287)	(72,455)	(67,256)
Insurance Expenses		(316,265)	(293,029)	(289,551)
Goods and Services Tax		(624,012)	0	(655,696)
Other Expenditure		(177,119)	(126,940)	(173,407)
		<u>(6,990,676)</u>	<u>(7,166,134)</u>	<u>(7,525,496)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>(312,190)</u>	<u>2,611,777</u>	<u>2,954,454</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(66,828)
Payments for Purchase of Property, Plant & Equipment		(1,509,601)	(3,119,321)	(3,496,252)
Payments for Construction of Infrastructure		(3,033,709)	(4,287,545)	(1,965,457)
Non-Operating Grants, Subsidies and Contributions		3,870,338	3,525,571	1,327,952
Proceeds from Sale of Fixed Assets		305,637	372,761	610,253
Advances to Community Groups		(462,349)	0	0
Net Cash Provided by (Used in) Investment Activities		<u>(829,684)</u>	<u>(3,508,534)</u>	<u>(3,590,332)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(123,952)	(124,311)	(105,977)
Proceeds from Self Supporting Loans		(23,875)	14,134	2,206
Proceeds from New Debentures		500,000	0	0
Net Cash Provided By (Used In) Financing Activities		352,173	(110,177)	(103,771)
Net Increase (Decrease) in Cash Held		(789,701)	(1,006,934)	(739,649)
Cash at Beginning of Year		3,658,062	3,568,061	4,397,711
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,868,361</u></u>	<u><u>2,561,127</u></u>	<u><u>3,658,062</u></u>

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

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

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		106,136	48,105	73,659
General Purpose Funding		1,354,961	2,461,475	2,295,592
Law, Order, Public Safety		547,042	205,766	715,123
Health		58,400	46,264	39,560
Education and Welfare		12,494	11,868	340
Housing		552,827	1,125,478	88,439
Community Amenities		600,855	620,673	576,316
Recreation and Culture		784,383	1,532,966	673,138
Transport		3,298,301	1,948,069	1,089,937
Economic Services		228,493	162,487	269,176
Other Property and Services		226,888	1,767,911	2,341,499
		<u>7,770,780</u>	<u>9,931,062</u>	<u>8,162,779</u>
Expenses				
Governance		(795,431)	(777,859)	(686,279)
General Purpose Funding		(125,432)	(95,547)	(55,491)
Law, Order, Public Safety		(468,067)	(502,157)	(504,173)
Health		(164,742)	(242,954)	(210,439)
Education and Welfare		(32,234)	(55,004)	(15,228)
Housing		(169,646)	(176,618)	(154,909)
Community Amenities		(845,478)	(1,027,481)	(902,123)
Recreation and Culture		(2,647,344)	(2,684,846)	(2,322,243)
Transport		(2,361,901)	(2,652,833)	(2,189,905)
Economic Services		(703,755)	(740,962)	(783,870)
Other Property and Services		(2,622)	(39,745)	(902,031)
		<u>(8,316,652)</u>	<u>(8,996,006)</u>	<u>(8,726,691)</u>
Net Result Excluding Rates		(545,872)	935,056	(563,912)
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	20	(199)	(87,838)	(86,910)
Movement in Deferred Pensioner Rates (Non-Current)		(9,362)	0	(32,518)
Movement in Employee Benefit Provisions (Non-current)		23,032	0	(13,131)
Decrease in Fair Value of Furniture and Equipment		0	0	18,548
Depreciation and Amortisation on Assets	2(a)	2,042,265	2,290,971	1,929,250
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	(66,828)
Purchase Land and Buildings	6(a)	(632,859)	(2,177,810)	(2,053,503)
Purchase Furniture and Equipment	6(a)	(41,899)	(81,750)	(34,793)
Purchase Plant and Equipment	6(a)	(834,843)	(859,761)	(1,407,956)
Purchase Roads	7(a)	(2,895,423)	(4,006,046)	(1,832,797)
Purchase Footpaths	7(a)	(138,286)	(166,500)	(105,112)
Purchase Drainage		0	(65,000)	(5,379)
Purchase Parks & Reserves		0	(50,000)	(22,169)
Advances to Community Groups		(462,349)	0	0
Proceeds from Disposal of Fixed Assets	20	305,637	372,761	610,253
Repayment of Debentures	21(a)	(123,952)	(124,311)	(105,977)
Proceeds from New Debentures	21(a)	500,000	0	0
Proceeds from Self Supporting Loans		(23,875)	14,134	2,206
Transfers to Reserves (Restricted Assets)	11	(1,086,183)	(579,510)	(112,240)
Transfers from Reserves (Restricted Assets)	11	0	223,000	176,700
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	2,141,690	1,063,321	2,773,670
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,508,306	0	2,141,690
Total Amount Raised from General Rate	22(a)	<u>(3,290,784)</u>	<u>(3,299,283)</u>	<u>(3,074,288)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

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

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

Land Under Control

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

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

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

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

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

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

Capitalisation Threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

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

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	29,355	19,000
- Assistance with the finalisation of the annual financial report	0	3,569
- Audit certifications	3,850	0
Depreciation		
Non-Specialised Buildings	57,210	0
Specialised Buildings	360,255	352,285
Furniture and Equipment	35,429	64,572
Plant and Equipment	508,301	584,506
Roads	954,027	807,277
Footpaths	31,580	24,666
Drainage	19,628	19,628
Parks & Reserves	75,835	76,316
	<u>2,042,265</u>	<u>1,929,250</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21.(a)</i>)	<u>78,813</u>	<u>67,256</u>
	<u>78,813</u>	<u>67,256</u>
Rental Charges		
- Operating Leases	<u>36,936</u>	<u>30,419</u>
	<u>36,936</u>	<u>30,419</u>
(ii) Crediting as Revenue:		
Other Revenue		
Reimbursements and Recoveries	481,266	176,831
Other	0	45,549
	<u>481,266</u>	<u>222,380</u>
	2014	2014
	Actual	Budget
	\$	\$
Interest Earnings		
- Self Supporting Loans	12,815	0
- Reserve Funds	20,269	36,411
- Other Funds	65,266	42,116
Other Interest Revenue (<i>refer note 26</i>)	56,674	87,189
	<u>155,024</u>	<u>165,716</u>
		<u>176,831</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services and support of child health services.

EDUCATION AND WELFARE

Objective:

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

Activities:

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

HOUSING

Objective:

To provide subsidised housing to promote youth employment in Merredin.

Activities:

Maintenance and rentals of single persons units and other housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning scheme, cemetery and public conveniences, women's' rest centre and other development services.

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

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

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/12 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance ⁽¹⁾ 30/06/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance 30/06/14 \$
Roads to Recovery	Transport	60,974	367,379	(428,353)	0	0	0	0
Regional road Group	Transport	113,599	485,033	(598,632)	0	0	0	0
Department of Agriculture	Other Property and Services	0	10,000	0	10,000	0	(8,695)	1,305
Department of Conservation	Other Property and Services	0	2,500	0	2,500	0	(2,500)	0
Department of Local Government	Other Property and Services	0	25,000	0	25,000	0	(25,000)	0
Department of Local Government	Other Property and Services	0	75,000	0	75,000	0	(43,942)	31,058
Land Care	Other Property and Services	0	2,000	0	2,000	0	(2,000)	0
Wheatbelt Natural Resource Management	Other Property and Services	0	5,760	0	5,760	0	(5,760)	0
State Natural Resource Management	Other Property and Services	0	10,000	0	10,000	0	(10,000)	0
Turf Alliance	Recreation and Culture	20,915	4,160	(25,075)	0	0	0	0
Department of Local Government	Other Property and Services	67,300	0	(67,300)	0	0	0	0
Open Gardens Australia	Other Property and Services	1,966	0	(1,966)	0	0	0	0
Department of Sport and Recreation	Other Property and Services	44,000	0	(44,000)	0	0	0	0
Department of Agriculture	Other Property and Services	6,742	0	(6,742)	0	0	0	0
CLGF - Individual Allocation 10/11	Other Property and Services	512,461	0	(512,461)	0	0	0	0
CLGF - Individual Allocation 11/12	Other Property and Services	535,536	0	(535,536)	0	0	0	0
Total		1,363,493	986,832	(2,220,065)	130,260	0	(97,897)	32,363

Notes:

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

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

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		617,358	2,395,345
Restricted		<u>2,251,003</u>	<u>1,262,717</u>
		<u><u>2,868,361</u></u>	<u><u>3,658,062</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Entitlement Reserve	11	257,866	253,332
Plant Replacement Reserve	11	523,203	268,399
Heritage Reserve	11	6,885	6,764
Building Reserve	11	318,434	148,606
Land and Development Reserve	11	80,188	78,778
Recreation Development Reserve	11	206,222	202,597
Disaster Relief Reserve	11	7,328	7,199
Road Reinstatement Reserve	11	23,956	23,534
Cummings Street Units Reserve	11	47,496	46,661
Waste Management Reserve	11	40,066	39,361
Environmental Initiatives Reserve	11	58,250	57,226
Unexpended Capital Works Reserve	11	648,746	0
Unspent Grants	2(c)	32,363	130,260
		<u>2,251,003</u>	<u>1,262,717</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		253,193	307,546
Sundry Debtors		1,444,821	345,594
GST Receivable		7,730	0
Loans - Clubs/Institutions		26,207	2,332
Prepayments		81,595	20,856
Provision for Doubtful Debts		<u>(25,591)</u>	<u>(12,575)</u>
		<u><u>1,787,955</u></u>	<u><u>663,753</u></u>
Non-Current			
Rates Outstanding - Pensioners		91,537	82,175
Loans - Clubs/Institutions		466,099	3,750
		<u>557,636</u>	<u>85,925</u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>160,318</u>	<u>41,966</u>
		<u><u>160,318</u></u>	<u><u>41,966</u></u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		552,138	552,138
Development Costs		<u>539,362</u>	<u>539,362</u>
		<u><u>1,091,500</u></u>	<u><u>1,091,500</u></u>

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

	2014	2013
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	2,201,300	0
- Cost	<u>0</u>	<u>388,087</u>
	2,201,300	388,087
Land Vested In and Under the Control of Council at:		
- Independent Valuation 2014	570,000	0
- Cost	<u>0</u>	<u>77,501</u>
	570,000	77,501
Total Land	<u>2,771,300</u>	<u>465,588</u>
Non-Specialised Buildings at:		
- Independent Valuation 2014	3,320,000	0
- Cost	0	16,307,672
Less: Accumulated Depreciation	<u>0</u>	<u>(2,994,221)</u>
	3,320,000	13,313,451
Specialised Buildings at:		
- Independent Valuation 2014	28,694,203	0
Less: Accumulated Depreciation	<u>0</u>	<u>0</u>
	28,694,203	0
Total Buildings	<u>32,014,203</u>	<u>13,313,451</u>
Total Land and Buildings	<u>34,785,503</u>	<u>13,779,039</u>
Furniture and Equipment at:		
- Management Valuation 2013	266,131	266,131
- Additions after Valuation - Cost	41,899	0
Less Accumulated Depreciation	<u>(35,429)</u>	<u>0</u>
	272,601	266,131
Plant and Equipment at:		
- Management Valuation 2013	3,054,540	3,418,710
- Additions after Valuation - Cost	834,843	0
Less Accumulated Depreciation	<u>(445,084)</u>	<u>0</u>
	3,444,299	3,418,710
	<u>38,502,403</u>	<u>17,463,880</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings :

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

In relation to freehold 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 public purpose land and specialised buildings, valuations were performed having regards for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract process, current condition (Level 2 inputs), current zoning, residential values and remaining useful life assessments (Level 3 inputs). Given the significance of the level 3 inputs into the overall fair value measurement, these land and specialised building assets are deemed to have been valued using level 3 inputs.

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

The revaluation of these assets resulted in an overall increase of \$ 22,762,838 in 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) and (b) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

With regards to land vested in and under the control of Council, these assets were originally recognised at cost. Due to the mandatory fair value measurement framework as detailed in Note 1(f), land vested in and under the control of Council required a fair value assessment to occur in the current year. This was performed by independent valuers at 30 June 2014.

The revaluation of these assets resulted in an overall increase of \$ 458,592 in the net value of improvements to Land Vested in and under the control of Council. 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. These included both observable and unobservable inputs being current market prices and discounted for the conditions and restrictions.

Given the significance of the level 3 input into the overall fair value measurement these land vested in and under the control of Council is deemed to have been valued using level 3 inputs. These level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilizing current information. If the basis of these assumptions were varied, they have potential to result in a significant higher or lower value measurement.

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Furniture and Equipment and Plant and Equipment:

Furniture and Equipment and Plant and Equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value.

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

		Balance at the Beginning of the Year \$	Transfers \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	(Level 3)	310,816	68,409	0	0	(191,025)	0	188,200
Freehold Land	(Level 2)	77,271	0	0	0	1,935,829	0	2,013,100
		388,087	68,409	0	0	1,744,804	0	2,201,300
Land Vested In and Under the Control of Council	(Level 3)	77,501	(91,093)	0	0	583,592	0	570,000
		465,588	(22,684)	0	0	2,328,396	0	2,771,300
Non-Specialised Buildings	(Level 2)	1,158,322	0	415,745	0	1,803,143	(57,210)	3,320,000
Specialised Buildings	(Level 3)	12,155,129	(1,944,599)	217,114	(4,485)	18,631,299	(360,255)	28,694,203
		13,313,451	(1,944,599)	632,859	(4,485)	20,434,442	(417,465)	32,014,203
Total Land and Buildings		13,779,039	(1,967,283)	632,859	(4,485)	22,762,838	(417,465)	34,785,503
Furniture and Equipment	(Level 3)	266,131	0	41,899	0	0	(35,429)	272,601
Plant and Equipment	(Level 3)	3,418,710	0	834,843	(300,953)	0	(508,301)	3,444,299
Total Property, Plant and Equipment		17,463,880	(1,967,283)	1,509,601	(305,438)	22,762,838	(961,195)	38,502,403

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Cost	76,077,271	73,181,848
Less Accumulated Depreciation	<u>(34,013,938)</u>	<u>(33,059,911)</u>
	42,063,333	40,121,937
Footpaths		
- Cost	1,284,913	1,146,627
Less Accumulated Depreciation	<u>(492,673)</u>	<u>(461,093)</u>
	792,240	685,534
Drainage		
- Cost	928,017	928,017
Less Accumulated Depreciation	<u>(472,112)</u>	<u>(452,484)</u>
	455,905	475,533
Parks & Reserves		
- Cost	2,968,285	785,483
Less Accumulated Depreciation	<u>(451,939)</u>	<u>(160,585)</u>
	2,516,346	624,898
	<u>45,827,824</u>	<u>41,907,902</u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Transfers	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Roads	40,121,937	2,895,423	0	0	0	0	(954,027)	42,063,333
Footpaths	685,534	138,286	0	0	0	0	(31,580)	792,240
Drainage	475,533	0	0	0	0	0	(19,628)	455,905
Parks & Reserves	624,898	0	0	1,967,283	0	0	(75,835)	2,516,346
Total	<u>41,907,902</u>	<u>3,033,709</u>	<u>0</u>	<u>1,967,283</u>	<u>0</u>	<u>0</u>	<u>(1,081,070)</u>	<u>45,827,824</u>

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

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	283,601	218,612
Accrued Interest on Debentures	9,027	3,501
Accrued Salaries and Wages	60,321	127,063
ATO Liabilities	79,465	28,741
PAYG Payable	37,609	36,921
Accrued Expenses	11,559	13,209
	<u>481,582</u>	<u>428,047</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	143,183	112,508
	<u>143,183</u>	<u>112,508</u>

Non-Current

Secured by Floating Charge Debentures	1,251,146	905,773
	<u>1,251,146</u>	<u>905,773</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	581,899	659,255
Non-Current	60,230	37,198
	<u>642,129</u>	<u>696,453</u>

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2013	381,369	315,084	696,453
Additional provision/Amount Used	52,578	(106,902)	(54,324)
Balance at 30 June 2014	<u>433,947</u>	<u>208,182</u>	<u>642,129</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Employee Entitlement Reserve			
Opening Balance	253,332	253,331	244,373
Amount Set Aside / Transfer to Reserve	4,534	7,546	8,959
Amount Used / Transfer from Reserve	0	(100,000)	0
	<u>257,866</u>	<u>160,877</u>	<u>253,332</u>
(b) Plant Replacement Reserve			
Opening Balance	268,399	268,399	258,908
Amount Set Aside / Transfer to Reserve	254,804	257,995	9,491
Amount Used / Transfer from Reserve	0	0	0
	<u>523,203</u>	<u>526,394</u>	<u>268,399</u>
(c) Heritage Reserve			
Opening Balance	6,764	6,764	6,525
Amount Set Aside / Transfer to Reserve	121	201	239
Amount Used / Transfer from Reserve	0	0	0
	<u>6,885</u>	<u>6,965</u>	<u>6,764</u>
(d) Building Reserve			
Opening Balance	148,606	148,606	262,871
Amount Set Aside / Transfer to Reserve	169,828	290,168	9,435
Amount Used / Transfer from Reserve	0	(123,000)	(123,700)
	<u>318,434</u>	<u>315,774</u>	<u>148,606</u>
(e) Land and Development Reserve			
Opening Balance	78,778	78,777	70,752
Amount Set Aside / Transfer to Reserve	1,410	1,634	61,026
Amount Used / Transfer from Reserve	0	0	(53,000)
	<u>80,188</u>	<u>80,411</u>	<u>78,778</u>
(f) Recreation Development Reserve			
Opening Balance	202,597	202,597	195,432
Amount Set Aside / Transfer to Reserve	3,625	6,035	7,165
Amount Used / Transfer from Reserve	0	0	0
	<u>206,222</u>	<u>208,632</u>	<u>202,597</u>
(g) Disaster Relief Reserve			
Opening Balance	7,199	7,199	6,944
Amount Set Aside / Transfer to Reserve	129	214	255
Amount Used / Transfer from Reserve	0	0	0
	<u>7,328</u>	<u>7,413</u>	<u>7,199</u>
(h) Road Reinstatement Reserve			
Opening Balance	23,534	23,534	22,702
Amount Set Aside / Transfer to Reserve	422	701	832
Amount Used / Transfer from Reserve	0	0	0
	<u>23,956</u>	<u>24,235</u>	<u>23,534</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (Continued)			
(i) Cummings Street Units Reserve			
Opening Balance	46,661	46,660	35,237
Amount Set Aside / Transfer to Reserve	835	12,138	11,424
Amount Used / Transfer from Reserve	0	0	0
	<u>47,496</u>	<u>58,798</u>	<u>46,661</u>
(j) Waste Management Reserve			
Opening Balance	39,361	39,361	37,969
Amount Set Aside / Transfer to Reserve	705	1,173	1,392
Amount Used / Transfer from Reserve	0	0	0
	<u>40,066</u>	<u>40,534</u>	<u>39,361</u>
(k) Environmental Initiatives Reserve			
Opening Balance	57,226	57,226	55,204
Amount Set Aside / Transfer to Reserve	1,024	1,705	2,022
Amount Used / Transfer from Reserve	0	0	0
	<u>58,250</u>	<u>58,931</u>	<u>57,226</u>
(l) Unexpended Capital Works Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	648,746	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>648,746</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	<u>2,218,640</u>	<u>1,488,964</u>	<u>1,132,457</u>
Total Opening Balance	1,132,457	1,132,454	1,196,917
Total Amount Set Aside / Transfer to Reserve	1,086,183	579,510	112,240
Total Amount Used / Transfer from Reserve	0	(223,000)	(176,700)
TOTAL RESERVES	<u>2,218,640</u>	<u>1,488,964</u>	<u>1,132,457</u>

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

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

11. RESERVES - CASH BACKED (continued)

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

- (a) Employee Entitlement Reserve**
 - to be utilised to fund staff long service leave as required. Not anticipated to be used in a set period as further transfer to this reserve are expected as funds are utilised.
- (b) Plant Replacement Reserve**
 - to be utilised to fund future capital plant purchases. Tied into funding the seven year Plant Replacement Program.
- (c) Heritage Reserve**
 - to be utilised to fund future extension works at Cummins Theatre. Not anticipated to be utilised in a definitive period as further deliberations are needed.
- (d) Building Reserve**
 - to be utilised to fund future building construction within the Shire of Merredin. Not anticipated to be used in a set period until further funds are made available to this reserve.
- (e) Land and Development Reserve**
 - to be utilised to fund major land development and purchases within the Shire of Merredin.
- (f) Recreation Development Reserve**
 - to be utilised to fund future extensions at Recreation Ground. Not anticipated to be utilised in a set period.
- (g) Disaster Relief Reserve**
 - to be utilised to contribute to liabilities arising from a natural disaster.
- (h) Road Reinstatement Reserve**
 - to be utilised for emergency repairs to road infrastructure. Not anticipated to be used in a set period.
- (i) Cummings Street Units Reserve**
 - to be utilised to fulfil maintenance and capital costs associated with Council owned units in Cummings Street.
- (j) Waste Management Reserve**
 - to be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste.
- (k) Environmental Initiatives Reserve**
 - to be utilised for the research and development into initiatives designed to use the saline water below Merredin or similar type environmental projects.
- (l) Unexpended Capital Works Reserve**
 - to be utilised for any incompleting capital work.

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

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

SHIRE OF MERREDIN
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FOR THE YEAR ENDED 30TH JUNE 2014

12. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening Balance	0	0
Revaluation Increment	2,328,396	0
Revaluation Decrement	0	0
	<u>2,328,396</u>	<u>0</u>
(b) Buildings		
Opening Balance	0	0
Revaluation Increment	20,434,442	0
Revaluation Decrement	0	0
	<u>20,434,442</u>	<u>0</u>
(c) Plant & Equipment		
Opening Balance	53,784	0
Revaluation Increment	0	53,784
Revaluation Decrement	0	0
	<u>53,784</u>	<u>53,784</u>
TOTAL ASSET REVALUATION SURPLUS	<u>22,816,622</u>	<u>53,784</u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>2,868,361</u>	<u>2,561,127</u>	<u>3,658,062</u>

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

Net Result	2,744,912	4,234,339	2,510,376
Depreciation	2,042,265	2,290,971	1,929,250
(Profit)/Loss on Sale of Asset	(199)	(87,838)	(86,910)
(Increase)/Decrease in Receivables	(1,109,689)	(407,501)	106,610
(Increase)/Decrease in Inventories	(118,352)	0	26,250
Increase/(Decrease) in Payables	53,535	107,377	(299,765)
Increase/(Decrease) in Employee Provisions	(54,324)	0	78,047
Grants Contributions for the Development of Assets	(3,870,338)	(3,525,571)	(1,327,952)
Loss on Revaluation of Fixed Assets	0	0	18,548
Net Cash from Operating Activities	<u>(312,190)</u>	<u>2,611,777</u>	<u>2,954,454</u>

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	143,000	143,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	10,000
Credit Card Balance at Balance Date	0	(2,051)
Total Amount of Credit Unused	<u>163,000</u>	<u>150,949</u>
Loan Facilities		
Loan Facilities - Current	143,183	112,508
Loan Facilities - Non-Current	1,251,146	905,773
Total Facilities in Use at Balance Date	<u>1,394,329</u>	<u>1,018,281</u>
Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>

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

14. CONTINGENT LIABILITIES

The Shire of Merredin has no contingent liability as at 30 June 2014.

15. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	29,603	30,003
- later than one year but not later than five years	21,602	35,763
- later than five years	0	0
	<u>51,205</u>	<u>65,766</u>

(b) Capital Expenditure Commitments

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

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	5,527,190	1,295,104
General Purpose Funding	0	32,920
Law, Order, Public Safety	911,593	741,974
Health	1,382,203	878,397
Education and Welfare	3,180,045	175,005
Housing	1,878,096	408,276
Community Amenities	3,812,425	2,438,408
Recreation and Culture	22,258,083	9,567,224
Transport	45,243,057	44,704,697
Economic Services	1,081,847	261,652
Other Property and Services	3,947,842	1,697,696
Unallocated	1,573,616	2,711,635
	<u>90,795,997</u>	<u>64,912,988</u>

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

18. FINANCIAL RATIOS	2014	2013	2012
Current Ratio	2.42	3.28	2.44
Asset Sustainability Ratio	1.87	1.49	1.05
Debt Service Cover Ratio	4.91	18.35	12.71
Operating Surplus Ratio	(0.20)	0.16	0.10
Own Source Revenue Coverage Ratio	0.69	0.84	0.72

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 61 of this document.

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

19. TRUST FUNDS

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

	Balance 1 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Community Bus Fund	1,312	0	0	1,312
Housing Bonds	8,792	2,776	(2,476)	9,092
Hall/Gym Bonds	1,590	1,000	(1,500)	1,090
SBS Transmitter	2,220	0	0	2,220
BCITF Levy	150	3,870	(4,020)	0
Overpayment of Rates	3,805	0	0	3,805
Other Bonds	6,853	0	0	6,853
Building Reg.Board Levy	401	2,730	(3,171)	(40)
Youth Advisory Council	154	0	0	154
Retention Money	19,681	0	(12,062)	7,619
Nomination Fees	0	400	(400)	0
Unclaimed Monies	0	3,000	(3,000)	0
Police Licencing	32,255	12,242	0	44,497
	<u>77,213</u>			<u>76,602</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
CEO - Statesman	40,494	38,197	42,352	40,800	1,858	2,603
CEO - Statesman	0	43,806	0	40,800	0	(3,006)
EMCCS Vehicle	19,379	22,898	19,091	19,500	(288)	(3,398)
Various Write-offs below capitalisat	4,484	0	0	0	(4,484)	0
Law, Order, Public Safety						
Utility - Ranger	27,611	32,624	22,732	19,994	(4,879)	(12,630)
Fire Truck	3,151	0	11,698	0	8,547	0
Health						
EMDS Sedan	33,598	29,523	32,352	26,376	(1,246)	(3,147)
Transport						
Cat Roller	0	6,297	0	45,000	0	38,703
Hino 816 Dump Truck (Crane)	34,980	30,240	26,460	30,000	(8,520)	(240)
Hino 816 Dump Truck	30,849	25,035	26,460	30,000	(4,389)	4,965
Utility - Ford Ranger	0	24,608	0	25,415	0	807
Water Truck	56,092	0	72,750	70,000	16,658	70,000
EMES - Ford Territory	29,379	31,695	26,818	24,876	(2,561)	(6,819)
Utility - Works Supervisor	25,421	0	24,924	0	(497)	0
	<u>305,438</u>	<u>284,923</u>	<u>305,637</u>	<u>372,761</u>	<u>199</u>	<u>87,838</u>
					Profit	27,063
					Loss	(26,864)
						<u>199</u>
						<u>87,838</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 212 - Burracoppin Sporting *	6,082	0	2,332	2,332	3,750	3,750	207	321
Loan 214 - Amalgamation Loans	1,012,199	0	110,176	110,176	902,023	902,023	60,211	60,616
Housing								
Loan 215 - Merritville Aged Units *	0	500,000	11,444	11,803	488,556	488,197	18,395	11,518
	1,018,281	500,000	123,952	124,311	1,394,329	1,393,970	78,813	72,455

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 215 - Merritville Aged Units *	500,000	500,000	WATC	Debenture	15	218,129	5.00%	500,000	500,000	0
	500,000	500,000				218,129		500,000	500,000	0

(c) Unspent Debentures

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

(d) Overdraft

Council established an overdraft facility of \$143,000 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 MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	0.104332	1,256	15,514,398	1,617,543	(1,970)	(618)	1,614,955	1,618,648	0	0	1,618,648
UV- Rural	0.014902	314	77,859,233	1,158,583	0	0	1,158,583	1,160,258	0	0	1,160,258
UV- Urban Rural	0.019861	47	4,196,064	83,317	0	0	83,317	83,336	0	0	83,336
UV- Mining	0.029804	8	122,287	3,662	0	0	3,662	3,645	0	0	3,645
UV- Special Use Wind Farm	1.029804	14	3,924,500	113,985	0	0	113,985	113,985	0	0	113,985
UV- Special Use Airstrip	2.029804	1	148,000	4,411	0	0	4,411	4,411	0	0	4,411
UV- Merredin Power	0.029804	1	53,000	1,580	0	0	1,580	1,580	0	0	1,580
Sub-Totals		1,641	101,817,482	2,983,081	(1,970)	(618)	2,980,493	2,985,863	0	0	2,985,863
Minimum Payment	Minimum \$										
GRV	699	207	550,981	144,693	(1,465)	(909)	142,319	144,641	0	0	144,641
Unimproved Value Valuations											
UV- Rural	868	117	3,450,867	101,556	0	0	101,556	101,500	0	0	101,500
UV- Urban Rural	868	40	762,836	34,720	0	0	34,720	35,569	0	0	35,569
UV- Mining	139	8	12,140	1,112	0	0	1,112	1,112	0	0	1,112
UV- Special Use Wind Farm	1,157	0	0	0	0	0	0	0	0	0	0
UV- Special Use Airstrip	1,157	0	0	0	0	0	0	0	0	0	0
UV- Merredin Power	868	0	0	0	0	0	0	0	0	0	0
Sub-Totals		372	4,776,824	282,081	(1,465)	(909)	279,707	282,822	0	0	282,822
Ex-Gratia Rates							3,260,200				3,268,685
Total Amount Raised From General Rate							30,584				30,598
							3,290,784				3,299,283

SHIRE OF MERREDIN
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/Carried Forward

	2014 (30 June 2014 Carried Forward)	2014 (1 July 2013 Brought Forward)	2013 (30 June 2013 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>1,508,306</u>	<u>2,141,690</u>	<u>2,141,690</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	617,358	2,395,345	2,395,345
Restricted	2,251,003	1,262,717	1,262,717
Receivables			
Rates Outstanding	253,193	307,546	307,546
Sundry Debtors	1,444,821	345,594	345,594
GST Receivable	7,730	0	0
Loans - Clubs/Institutions	26,207	2,332	2,332
Prepayments	81,595	20,856	20,856
Provision for Doubtful Debts	(25,591)	(12,575)	(12,575)
Inventories			
Fuel and Materials	160,318	41,966	41,966
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(283,601)	(218,612)	(218,612)
Accrued Interest on Debentures	(9,027)	(3,501)	(3,501)
Accrued Salaries and Wages	(60,321)	(127,063)	(127,063)
ATO Liabilities	(79,465)	(28,741)	(28,741)
PAYG Payable	(37,609)	(36,921)	(36,921)
Accrued Expenses	(11,559)	(13,209)	(13,209)
Provisions			
Provision for Annual Leave	(433,947)	(381,369)	(381,369)
Provision for Long Service Leave	(147,952)	(277,886)	(277,886)
<u>Net Current Assets</u>	<u>3,753,153</u>	<u>3,276,479</u>	<u>3,276,479</u>
Less:			
Reserves - Restricted Cash	(2,218,640)	(1,132,457)	(1,132,457)
Loans - Clubs/Institutions	(26,207)	(2,332)	(2,332)
Surplus/(Deficit)	<u>1,508,306</u>	<u>2,141,690</u>	<u>2,141,690</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 MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Photocopy Charge	Waiver		100	100

Photocopy Charges are waived for certain community groups such as the Volunteer Bush Fire Brigades. Council considers support of these groups necessary for the overall benefit of the community.

The Shire of Merredin did not have a Rates Incentive Program for the 2013/14 financial year.

No discount on rates is available.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		39,643	30,598
Interest on Instalments Plan	5.50%		17,031	56,591
Charges on Instalment Plan		44	18,018	35,049
			74,692	122,238

Ratepayers had the option of paying rates in four equal instalments, due on 23 September 2013, 25 November 2013, 28 January 2014 and 24 March 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	87,373	9,039
General Purpose Funding	18,018	15,829
Law, Order, Public Safety	167,565	198,117
Health	58,400	39,560
Education and Welfare	0	340
Housing	25,320	47,151
Community Amenities	565,091	500,109
Recreation and Culture	547,705	489,188
Economic Services	220,993	234,811
Other Property and Services	57,254	2,232,022
	<u>1,747,719</u>	<u>3,766,166</u>

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

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

28. GRANT REVENUE

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

	2014	2013
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	1,489,370	2,494,671
Non-Operating Grants, Subsidies and Contributions	3,870,338	1,327,952
	<u>5,359,708</u>	<u>3,822,623</u>
By Program:		
Governance	12,400	37,550
General Purpose Funding	1,132,346	2,103,316
Law, Order, Public Safety	382,629	507,175
Education and Welfare	0	340
Housing	504,622	0
Community Amenities	35,764	34,617
Recreation and Culture	92,534	108,375
Transport	3,191,913	1,007,010
Economic Services	7,500	24,240
	<u>5,359,708</u>	<u>3,822,623</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>53</u>	<u>53</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	52,125	67,500	36,051
President's Allowance	16,000	12,500	11,500
Deputy President's Allowance	6,719	3,125	2,500
Councillor Corporate Wardrobe	1,395	500	44
	<u>76,239</u>	<u>83,625</u>	<u>50,095</u>

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

31. MAJOR LAND TRANSACTIONS

Whitfield Way Subdivision

(a) Details

This land was acquired during 2011/12 for residential sub-division. Council incurred additional costs to develop eleven residential lots. This included the provision of services such as sewerage, power and transport infrastructure. Due to lower than expected sales no additional development is budgeted for.

(b) Current year transactions	2014 \$	2014 Budget \$	2013 \$
Operating Income			
- Profit on sale	0	0	23,894
Capital Income			
- Sale Proceeds	0	0	80,000
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	66,828
	<u>0</u>	<u>0</u>	<u>66,828</u>

The above capital expenditure is included in land held for resale.
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 \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	160,000	160,000	160,000	160,000	240,000	880,000
	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>240,000</u>	<u>880,000</u>
Net Cash Flows	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>240,000</u>	<u>880,000</u>

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,868,361	3,658,062	2,868,361	3,658,062
Receivables	2,345,591	749,678	2,345,591	749,678
	<u>5,213,952</u>	<u>4,407,740</u>	<u>5,213,952</u>	<u>4,407,740</u>
Financial Liabilities				
Payables	481,582	428,047	481,582	428,047
Borrowings	1,394,329	1,018,281	1,338,352	980,724
	<u>1,875,911</u>	<u>1,446,328</u>	<u>1,819,934</u>	<u>1,408,771</u>

Fair value is determined as follows:

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 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 is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

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

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	28,682	36,581
- Statement of Comprehensive Income	28,862	36,581

Notes:

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

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

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

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	96%	93%
- Overdue	4%	7%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2014</u>					
Payables	481,582	0	0	481,582	481,582
Borrowings	220,296	871,939	707,176	1,799,411	1,394,329
	<u>701,878</u>	<u>871,939</u>	<u>707,176</u>	<u>2,280,993</u>	<u>1,875,911</u>
<u>2013</u>					
Payables	428,047	0	0	428,047	428,047
Borrowings	173,445	857,939	256,188	1,287,572	1,018,281
	<u>601,492</u>	<u>857,939</u>	<u>256,188</u>	<u>1,715,619</u>	<u>1,446,328</u>

**SHIRE OF MERREDIN
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:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2014</u>								
Borrowings								
Fixed Rate								
Debentures		3,750				1,390,579	1,394,329	5.68%
Weighted Average Effective Interest Rate		5.62%				5.68%		
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures			6,082			1,012,199	1,018,281	6.07%
Weighted Average Effective Interest Rate			5.62%			6.08%		

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

RATIO INFORMATION

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

	2014	2013	2012
Asset Consumption Ratio	0.56	0.61	N/A
Asset Renewal Funding Ratio	0.82	0.86	N/A

The above ratios are calculated as follows:

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

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

8 May 2015

Mr Greg Powell
Chief Executive Officer
Shire of Merredin
Po Box 42
MERREDIN WA 6415



Dear Greg

**AUDIT OF SHIRE OF MERREDIN
FOR THE YEAR ENDED 30 JUNE 2014**

We advise that we have completed the audit of your Shire for the year ended 30 June 2014 and enclose our Audit Report and a copy of the Management Report.

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

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

Please contact us if you have any queries.

Yours sincerely

GREG GODWIN
PARTNER

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

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Merredin, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

AUDITOR'S OPINION

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

- a. a giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting Interpretations).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended):

List of Trust Fund Payments

The list of accounts paid by the CEO presented to Council each month did not include all payments made from trust accounts as required by Local Government (Financial Management) Regulation 13(1).

Title of Reserve Account

A new reserve account created during the year did not have a title that clearly identifies the purpose for which the money in the account is set aside as required by Local Government (Financial Management) Regulation 17(1).

Statements of Monthly Financial Activity

Material variances between the year-to-date actual amounts and budget estimates were not explained in the Statement of Monthly Financial Activity as required by Local Government (Financial Management) Regulations 34(2)(b).

The Statement of Monthly financial activity for the month of June 2014 was not presented to Council within two (2) months as required by Local Government (Financial Management) Regulation 34(4)(a).

OTHER MATTERS

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) Except as detailed above, 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 were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Date: 8 May 2015
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER