

ANNUAL REPORT 2014-15



SHIRE OF BEVERLEY

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OUR VISION, AIM, GOALS & VALUES

OUR VISION

A place for community.

Our Shire will be:

- A place for enhanced community;
- A place that values its past and history;
- A place that is welcoming and friendly;
- A place that is safe, relaxed and peaceful; and
- A place to live, work and visit.

OUR AIM

To sustain and build population and to ensure the delivery of sustainable services to our community.

OUR GOALS

SOCIAL

- Build population growth through providing employment opportunities.
- Strengthen our advocacy role and regional partnerships in the provision of local services.
- Maintain and nurture the sense of community.

ENVIRONMENTAL

- Preserve the natural environment.
- Maintain the rural identity of place.

ECONOMIC

- Build economic capacity through local business growth.
- Value and maintain our heritage and past.
- Manage our assets sustainably.

OUR VALUES

The Shire of Beverley has a clear strength in the bond and affinity between its Councillors, the community and staff. Staff support the community leadership and governance role of Councillors, and work together to achieve commitments of the Council Plan. Having all staff practice the following organisational values, enhances the quality of this partnership:

SERVICE

Our citizens, community and service users are the focus of all our actions.

ACCOUNTABILITY

We are responsible for our actions, which are open to review.

ETHICS

We encourage and expect ethical behaviour at all times.

TEAMWORK

We share our skills, knowledge and experience as part of a team and work together towards achieving Council's goals.

RECOGNITION

We promote the achievements and efforts of others.

SAFETY

We look after our environment and the welfare of others.

INTEGRITY

We are open and honest, and work to the best of our ability.

RESPECT

We acknowledge the opinions of others and their rights and differences.

OBJECTIVES & ACHIEVEMENTS

STRATEGIC ACTIVITIES FOR 2014/15

The Council, in its **2014/15 Annual Budget**, proposed to undertake and achieve the following:

STRATEGIC ACTIVITIES	PLANNED WORKS	TIMELINE
Old School Building	Stabilise foundations and replace floor structure.	Complete by February 2015
Town Hall	Complete roof resheet.	Complete by March 2015
Recreation Facilities	Installation of Lighting Towers, Electronic Scoreboard and further upgrade of Picnic Area.	Complete by June 2015
Road Construction	Ongoing upgrade and renewal works across the Shire including West Dale and York Williams Roads.	Complete by June 2015
Plant Replacement	Ongoing replacement of Plant as per Council's 10 Year Program.	Complete by June 2015
Organisational Restructure	Completion of position description reviews and reassignment of duties.	Complete by June 2015

ACHIEVEMENTS FOR 2014/15

OLD SCHOOL BUILDING

THIS PROJECT WAS COMPLETED IN MARCH 2015.

The buildings foundations were stabilised using a urethane based resin, the floor substructure and surface, including carpet, was completely renewed and the storm water drainage was modified and renewed.

Actual 2014/15 Expenditure: \$0.140M

TOWN HALL

Due to prevailing weather conditions and a shortfall in budgeted funding, the Town Hall Resheeting project was deferred to the 2015/16 financial year.

RECREATION FACILITIES

The upgrade of the Recreation facilities which began in 2012/13 was completed in June 2015. Final works in the 2014/15 financial year included the installation of a further four lighting towers around the oval, the installation of an electronic scoreboard, and an upgrade of the picnic area including erection of a BBQs Shelter, installation of picnic benches, commissioning of a universal access toilet block, and the construction of a storage shed for use by community organisations.

Actual 2014/15 Expenditure: \$0.311M

PLATFORM THEATRE TOILET BLOCK

A universal access toilet block was installed at the Platform Theatre to cater for the expanding utilisation of the complex. The Beverley Station Arts Group contributed \$0.010M towards the project.

Actual 2014/15 Expenditure: \$0.053M

ROAD UPGRADES

Road widening and seal upgrades to the Westdale and York Williams Roads continued forming part of a \$1.994M investment in local road, drainage and bridge infrastructure in 2014/15.

PLANT REPLACEMENT

The planned replacement of Council's Plant continued in 2014/15 and included the investment in a new state of the art Grader to increase road construction quality and efficiency. Total Plant investment for 2014/15 was \$0.652M.

ORGANISATIONAL RESTRUCTURE

Following Council's development of its Workforce Plan as part of the Integrated Planning Framework, an organisational review was conducted which resulted in the updating of all Position Descriptions and the restructuring of the outside workforce, where two employees were promoted to Supervisor roles in their respective departments. The project was completed in June 2015 and the resulting outcomes are expected to clearly define each staff member's responsibilities, leading to reduced overlap and greater efficiencies within the organisation.

FINANCIAL MANAGEMENT

Council began investigating different FMS software system solutions in 2013/14 as it became evident that the Implementation organisation had outgrown the system it was utilising. Following a false start with one supplier, Council decided on the fully integrated IT Vision Synergy system. The implementation of this system was completed in April 2015 following a flawless conversion. The implementation of the system is expected to lead to greater administrative efficiencies. Final payment of the implementation costs have been deferred to 2015/16.

2014/15 IN REVIEW

During the 2014/15 financial year the Shire achieved the following:

1. Rate increases for the 2014/15 financial year were limited to 6.0% and set in line with Councils 10 Year Long Term Financial Plan (LTFP). Rates levied allowed Council to continue to provide existing services and fund a number of new initiatives whilst providing funds for the ongoing renewal of its infrastructure.
2. Capital Expenditure during the year is summarised as follows:

• Road Infrastructure	\$1.994M
• Land and Building	\$0.672M
• Plant and Equipment	\$0.652M
• Furniture and Equipment	\$0.039M
3. The Shire's of Beverley, Brookton and Pingelly formed a working group known as the BBP, to investigate and progress aged support and care based initiatives for the three communities. The working relationship with the two other Shire's is strong and continuing.
4. The South East Avon Regional Organisation Of Councils (SEAVROC), in which the Shire of Beverley is a member, was placed on hiatus in January 2015 following the unsuccessful outcome of the planned amalgamation of four of the member Shire's and subsequent withdrawal of three Shire's from the group. The future of the group is unknown.
5. Implementation of Fair Value accounting for all Asset classes as per Local Government Financial Management Regulations continued in 2014/15, with the review of land and building asset fair values. A revaluation of all of Council's land and building assets was conducted and these values adopted and are reflected in the 2014/15 Annual Financial Report.
6. A Net surplus result of \$1.549M was achieved in 2014/15.

Included in this Surplus was \$1.041M increase in the Operating Surplus, made up of a \$0.289M saving on expenditure and \$0.752M additional revenue received (including a \$0.653M advanced financial assistance grant payment).

In addition a Surplus of \$0.986M resulted from the carrying out of the 2014/15 Capital Program. Of this, \$0.022M was from increased Capital Income including increased proceeds from sale of assets and lower Capital Expenditure of \$0.964M; made up of \$0.231M in Road construction savings; \$0.071M in Road project deferrals; \$0.016M in Drainage works savings; \$0.145M in Building project deferrals (Town Hall Resheeting); \$0.351M in Plant and Furniture replacement savings (including \$0.318M cost of new Fire Tender being met by DFES); and \$0.150M Plant replacements deferred (Community Bus).

The remaining (\$0.478M) relates to adjustments to calculate the Net Surplus including increase in depreciation expensed \$0.230M; profit/loss on disposal of Assets added back (\$0.022M); required transfer from Reserve funds lower than expected (\$0.624M); movement of non-current to current balance sheet items (\$0.034M); and an adjustment to Opening Balance funds of (\$0.028M).

KEY STRATEGIC ACTIVITIES FOR 2015/16

The following are the key activities funded in the 2015/16 Annual Budget and these will contribute in achieving the strategic vision, goals and outcomes detailed in the Shire's Strategic Community Plan.

STRATEGIC ACTIVITIES	PLANNED WORKS	TIMELINE
Community Centre	Construction of a new multipurpose Community Centre on Vincent Street. (Subject to funding)	Complete by June 2017
Town Hall	Complete roof resheet.	Complete by November 2015
Station Art Gallery	Stabilising structural works.	Complete by November 2015
Industrial Land Development	Development of road infrastructure at the De Lisle Street Industrial Area.	Complete by February 2016
Water Harvesting Dams	Construction of two storm water harvesting dams and associated infrastructure adjacent to the Recreation Ground precinct.	Complete by March 2016
CCTV	Installation of CCTV network around the Memorial Park precinct.	Complete by November 2015
Gym Equipment	Renewal of gym equipment.	Complete by September 2015
Plant Replacement	Ongoing replacement of Plant as per Council's 10 Year Program. 2015/16 replacements include a Backhoe and Vibe Roller.	Complete by June 2016
Road and Bridge Construction	Ongoing upgrade and renewal works across the Shire including West Dale and York Williams Roads and replacement of Dongadilling Road Bridge.	Complete by June 2016

STATEMENT BY SHIRE PRESIDENT

2014/15 has again been a productive year for the Shire of Beverley with Council continuing to take a long term approach to planning for a sustainable future.

Rate levels increased overall by 6% which is in line with the 10 year financial plan projection. The Shire ended the 2014/2015 financial year with a surplus of \$1,549M which includes the advanced payment of 2015/16 Financial Assistance Grants totalling \$0.653M. A detailed breakdown of the closing surplus can be found on page 4.

The Integrated Planning Framework developed by the Shire meets statutory obligations and provides direction to deliver the following outcomes:

- **A long term strategic plan that clearly links community aspirations with Council's vision and long term strategy**
- **A corporate business plan that integrates resourcing plans and specific council plans with the strategic plan**
- **The Council has a clearly stated vision for the future viability of the local government area.**

The Shire has now completed all required plans and these will be routinely reviewed and updated over the coming years, forming the basis of Council's ongoing accountability and risk management practices. The plans include:

- **Strategic Community Plan** • **Long Term Financial Plan** • **Workforce Plan**
- **Corporate Business Plan** • **Asset Management Plans**

Whilst the Metropolitan Local Government Reform proposals have now been abandoned, there is no guarantee amalgamations will not be on the agenda of future State Governments. It is imperative Local Governments aim for long term sustainability, embrace sound planning, efficiently use resources in the provision of services and facilities, and work collaboratively. This is an approach aspired to by the Shire of Beverley.

Strategic activity over the year has included remediation works to the Old School Building; upgrades at the Recreation and Railway Station precincts; ongoing road capital investment and maintenance programmes; improvements to administrative services through an organisational review and implementation of a more appropriate IT system; and initiation of a process to investigate tourism planning for Beverley.

I would like to recognise the work of CEO Steve Gollan, his Management team, and all Staff for their teamwork and dedicated service to our community during the year which has been undertaken on the basis of cooperation, honesty and integrity. The productive relationship within and between Staff and Councillors supports the continuing progressive operation of the Shire.

My thanks are extended to Deputy President Cr Pepper for his support and fellow Councillors for their time and commitment in undertaking their roles on behalf of our community.



Cr Dee Ridgway
President

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I am pleased to present to elected members, residents and rate payers the 2014/15 Annual Report.

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

Abolishment of Wards

The Shire applied to the Department of Local Government to remove ward boundaries to take effect for the Elections in October 2015. Approval was granted in February 2015.

Wheatbelt Aged Support and Care Solutions Project

The Shires of Beverley, Brookton and Pingelly held several joint discussions as part of the development of the Wheatbelt Aged Support and Care Solutions Project. The three Shires have formalised their commitment to collaborating on this issue, through a letter of Agreement that recognises the alliance formed between the three Local Governments to progress sustainable Aged Care Planning, Services and Support within and between the three communities. The main objective of this alliance is to maximise collaboration and resource sharing opportunities in Aged Care planning, services and infrastructure.

Industrial Land

The Council has been negotiating with Landcorp in relation to the development of an industrial estate in Beverley. There have been issues in relation to Native Title that have held up the progress of developing this area, however, the State Government is addressing these.

Council is continuing to work with Landcorp so that this matter can be progressed further.

Town Planning Scheme Review

A review of the Shire of Beverley Town Planning Scheme No 2 has commenced. A draft Town Planning Scheme has been prepared consisting of new Draft Scheme Text and Draft Zoning Maps. With the assistance of the State Department of Planning, a workshop has been held with Councillors to consider the finer details of the Scheme Text and associated Zoning Maps.

The Scheme Review will be aligned with the recently Gazetted Planning and Development Regulations 2015 (Local Planning Scheme), that officially takes effect on the 19th of October 2015.

Thanks

The dedication of the Shire staff has continued through 2014/15, with all employees showing their professionalism, hard work, and commitment, making them a credit to the organisation.

I would personally like to extend my thanks to the Elected Members and President, Dee Ridgway, for their ongoing support and to the Executive Team and all staff for their ongoing commitment and energy to strive forward for the benefit of the Beverley Ratepayers and Residents.

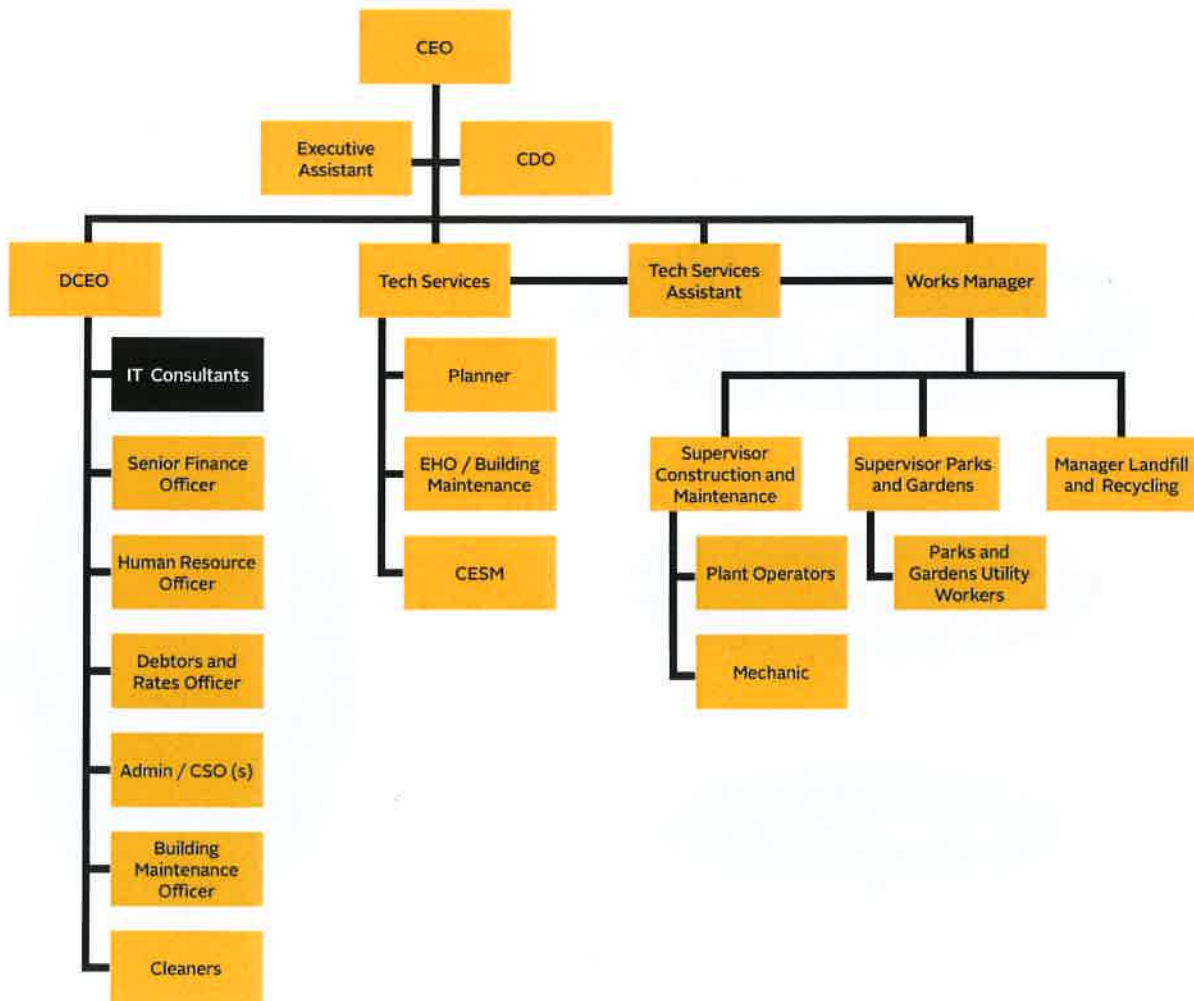


Mr Stephen Gollan
Chief Executive Officer

ORGANISATIONAL STRUCTURE

The Shire of Beverley staff members are part of the corporate structure headed by the Chief Executive Officer. This corporate approach ensures that staff members work towards achieving common goals.

The Shire's staff are organised across four Divisions — Community Services, Corporate Services, Infrastructure Services and Technical Services. Whilst the Chief Executive Officer is responsible for the overall management of the organisation, each Division has its own Senior Officer who oversees the functioning of their respective Division. The Corporate Management Team implements and administers the policies of the Elected Members.



LEGISLATIVE COMPLIANCE

INTEGRATED PLANNING AND REPORTING (IPR) FRAMEWORK

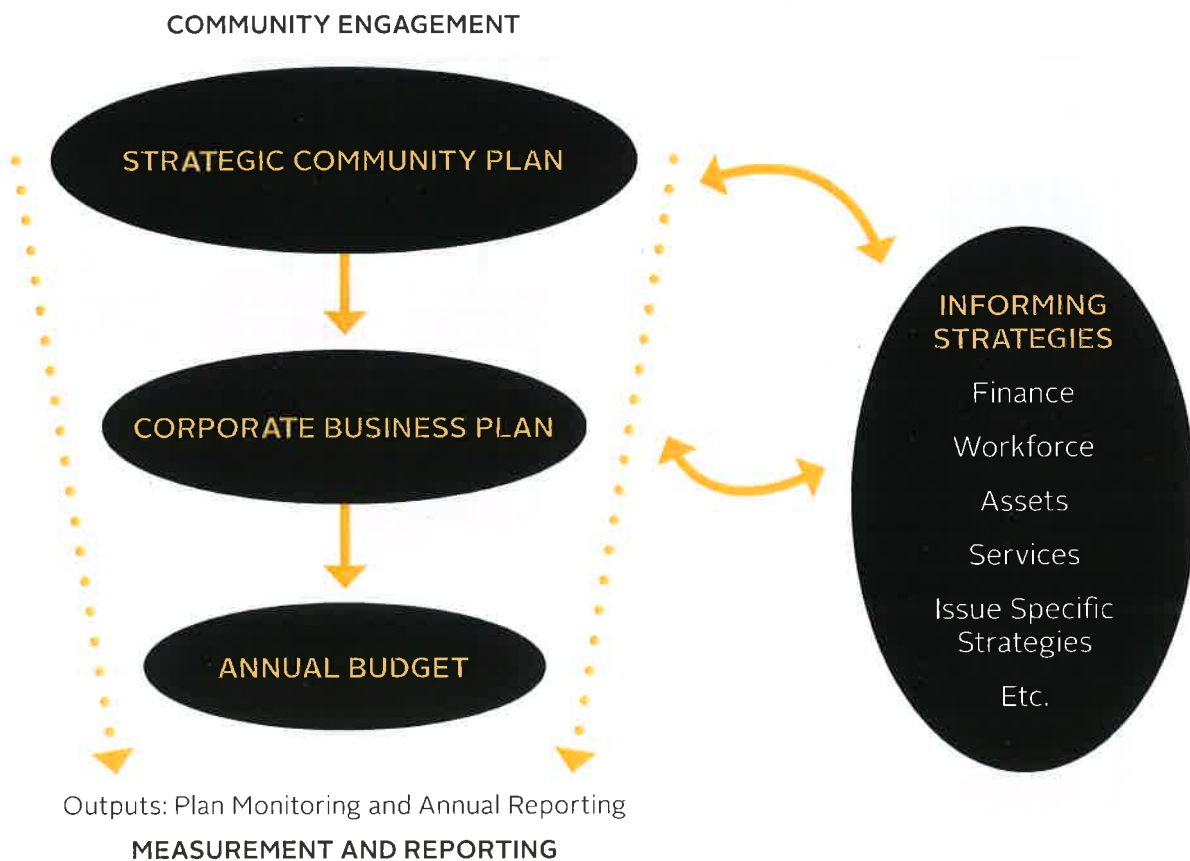
The IPR framework is designed to establish community priorities, linking this information into different parts of a local government's functions.

The IPR framework requirements are outlined in the *Local Government (Administration) Regulations Division 3 – Planning for the Future*.

The minimum requirements of the Regulations stipulate that the Local Government is to produce a Strategic Community Plan covering a period of no less than 10 years and a Corporate Business Plan covering a period of at least four years.

The IPR requirements came into effect on 30 June 2013.

The diagram below illustrates the different elements of the IPR:



STRATEGIC COMMUNITY PLAN (10 YEARS)

The Shire of Beverley's Strategic Community Plan was formulated and adopted in 2012. The Strategic Community Plan outlines the overarching strategies Council is to employ to achieve the aspirations of the Community across five key areas including Social, Environment, Built Environment, Economic Development and Governance.

A desktop review of the Strategic Community Plan is due for completion in September 2015.

2014/15 STRATEGIC COMMUNITY PLAN ACHIEVEMENTS

The following objectives, as outlined in the Shire of Beverley's Strategic Community Plan, were achieved during the 2014/15 financial year:

SOCIAL – BUILDING A SENSE OF COMMUNITY

- **Foster community participation:** Support sporting and community needs through the completion of the Beverley Recreation Ground Development and provide support to local community events, including the Beverley Show, Beverley Heroic Cycle Race, Beverley Triathlon, Senior's Morning Tea, Mad Men's Muster and Wild Women of the West.
- **Ensure access to services and facilities as needs change within the community:** Council commissioned the installation of two universally accessible public toilet blocks at the Platform Theatre and Recreation Ground and the upgrade of the BBQ/Picnic area at the Recreation Ground. Further, Council worked closely with the local Saint John's Ambulance group to progress the installation of emergency runway lighting at the Beverley Airfield.

ENVIRONMENT – PRESERVING AND SUSTAINING OUR NATURAL ENVIRONMENT

- **Manage Resources Efficiently:** Works have begun to reclaim water in conjunction with the Water Corporation. This reclaimed water will be treated and pumped to the Oval for use during periods of low rainfall, reducing Council's current need to use scheme water during dry periods. Council also commissioned the production of a Storm Water Harvesting Plan which recommended the construction of two catchment dams within the townsite. Works on the dams are planned to proceed in 2015/16.

BUILT ENVIRONMENT – ENHANCED LIFESTYLE CHOICES

- **Review Streetscape Plan and identify walking routes:** A Main Street redevelopment plan has been formulated with further planning and community engagement to be undertaken in 2015/16.

ECONOMIC DEVELOPMENT – MAXIMISE DEVELOPMENT

- **Support the development of industry, such as business incubators through advocacy and land use availability:** Council has been working tirelessly with Landcorp to progress the development of the De Lisle Street Industrial area.
- **Enhance the town centre, facilitating linkages of Main Street and heritage areas:** A Main Street redevelopment plan has been formulated with further planning and community engagement to be undertaken in 2015/16.
- **Facilitate and promote Beverley as a tourist destination:** A Tourism Working Group has been formed to guide a united direction for tourism planning in Beverley. Further Council has applied for RV friendly status to encourage self-contained travellers to visit the town.

GOVERNANCE – STRENGTHEN SHIRE LEADERSHIP

- **Develop the Human Resources and Workforce Plan to ensure Human Resources are available and future skills and development are identified:** Council reviewed the Workforce Plan in 2015 and will continue to monitor human resource requirements in the future.
- **Ensure governance and legislative requirements are met:** Council works closely with its Auditors to ensure all legislative requirements are met.
- **Advocate and lobby for improved services and infrastructure:** Council has engaged with multiple state government departments and commercial companies to lobby for improvements to services in the Beverley district. These included encouraging meetings with Telstra regarding mobile phone and data reception; interaction with and hosting visits from state and federal political representatives; and strengthening ongoing relationships with the National Trust, Water Corporation and Landcorp.

2014/15 STRATEGIC COMMUNITY PLAN MODIFICATIONS

There were no modifications made to the Shire of Beverley's Strategic Community Plan in the 2014/15 financial year. A desk top review is due for completion in September 2015.

CORPORATE BUSINESS PLAN (4 YEARS)

The Shire of Beverley's Corporate Business Plan demonstrates how Council is going to achieve the Communities aspirations as identified in the Strategic Community Plan covering a medium term, four year time frame.

The Corporate Business Plan was adopted in 2014 and provides direction to the CEO regarding medium term operational and capital investment parameters.

A desktop review of the Corporate Business Plan is completed annually as part of the annual budgeting process.

2014/15 CORPORATE BUSINESS PLAN MODIFICATIONS

There were no modifications made to the Shire of Beverley's Corporate Business Plan in the 2014/15 financial year.

INFORMING STRATEGIES

- **10 Year Long Term Financial Plan (LTFP) adopted in 2013.** The LTFP reflects detailed financial workings based on achieving the objectives of the Strategic Community Plan and incorporating elements of workforce planning and asset management.
- **4 Year Workforce Plan (WFP) adopted in 2013 and reviewed in 2015.** The WFP provides a detailed management plan of Council's workforce which reflects the staffing requirements required to achieve the objectives of the Strategic Community Plan.
- **10 Year Infrastructure Asset Management Plan (IAMP) adopted in 2013.** The IAMP reflects the renewal requirements of Council's infrastructure assets.
- **10 Year Buildings Asset Management Plan (BAMP) adopted in 2012.** The BAMP reflects the renewal requirements of Council's building assets.
- **10 Year Plant Replacement Program (PRP) adopted in 2015 and reviewed annually.** The PRP reflects Council's Plant replacement requirements.

NATIONAL COMPETITION POLICY

The introduction of the National Competition Policy requires all local governments to include in the Annual Report, statements relating to the following:

THE STRUCTURAL REFORM OF PUBLIC MONOPOLIES

The intention of the Structural Reform of Public Monopolies, is that:

- There is a separation of regulatory and commercial functions of Public Monopolies.
- There is a separation of natural monopolistic operations and potentially competitive activities of Public Monopolies.
- There is a separation of potential competitive activities into a number of smaller, essentially independent business units.

The Shire of Beverley is not considered a natural monopoly, nor does it conduct any business activity that can be considered a Public Monopoly. Therefore the principle of structural reform of Public Monopolies does not apply to the Shire of Beverley.

COMPETITIVE NEUTRALITY

For significant local government business enterprises, which are classified as 'Public Financial Enterprises', local government will, where appropriate:

- Adopt a corporatisation model for those local government business enterprises.
- Impose on significant business enterprises:
 - Full Commonwealth, State and Territory taxes on tax equivalent systems;

- Debt guarantee fees directed towards off setting the competitive advantages provided by government guarantees; and
- Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

These principles have been designed to ensure that a local government has no unfair advantage over any competitor in the marketplace.

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

Council has not received any allegations of non compliance with Competitive Neutrality Principles from the private sector.

LEGISLATION REVIEW

In accordance with the National Competition Policy, all Local Laws are currently being reviewed.

DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2004, creating a requirement of public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These Plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

A review of the plan was completed in June 2013 with Council adopting the DAIP 2013-2018 in July 2013. Council has developed the following strategies to improve access and inclusion in accordance with the desired DAIP outcomes:

A DAIP progress report is completed annually and forwarded to the Disability Services Commission. The 2014/15 progress report was completed and submitted in June 2015.

OUTCOME 1

People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.

STRATEGY

Ensure that people with disability are consulted on their needs for services and the accessibility of current services.

Monitor Shire services to ensure equitable access and inclusion.

Develop the links between the DAIP and other Shire plans and strategies.

District events are accessible to people with Disability.

Promote Health and Wellbeing programmes.

Regularly promote Disability Services and programmes available within the Shire.

OUTCOME 2

People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.

STRATEGY

Ensure that all buildings and facilities meet the standards for access and any demonstrated additional need.

Ensure that all new or redevelopment works provide access to people with disability, where practicable.

Advocate to local businesses and tourist venues the requirements for and benefits flowing from the provision of accessible venues.

Ensure that all recreational areas are accessible.

Ensure that ACROD parking meets the needs of people with disability in terms of visibility, quantity and location.

OUTCOME 3

People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.

STRATEGY

Ensure that the community is aware that Shire information is available in alternative formats upon request.

Improve staff awareness of accessible information needs and how to provide information in other formats.

Accommodate the provision of support personnel to significant events on request.

Ensure that the Shire's website meets contemporary good practice.

OUTCOME 4

People with disability receive the same level and quality of service from the employees of a public authority as other people receive from the employees of that public authority.

STRATEGY

Ensure that all employees, current and new, and Elected Members are aware of disability and access issues and have the skills to provide appropriate services.

OUTCOME 5

People with disability have the same opportunities as other people to make complaints to a public authority.

STRATEGY

Ensure that feedback and grievance mechanisms are known and accessible for people with disability.

OUTCOME 6

People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

STRATEGY

Ensure that people with disability are actively consulted about the DAIP and any other significant planning processes.

Ensure that people with disability are aware of and can access other established consultative processes.

OUTCOME 7

People with disability have the same opportunities as other people to maintain employment with the Shire of Beverley.

STRATEGY

Ensure that people with disability are actively encouraged to apply for employment with the Shire of Beverley.

Ensure that staff are informed and aware of the Council commitment to Equal Opportunity employment.

PUBLIC INTEREST DISCLOSURE

PUBLIC INTEREST

The Public Interest Disclosure Act 2003 (the Act), aims to facilitate and encourage the disclosure of public interest information, and to provide protection for those who have made disclosures, and for those about whom disclosures are made.

The Shire of Beverley does not tolerate corrupt or other improper conduct, including mismanagement of public resources, and the exercise of the public functions of the Shire and its officers, employees and contractors.

The Shire is committed to the aims and objectives of the Act, and recognises the value and importance of contributions of staff to enhance administrative and management practices, and supports disclosures being made by staff regarding corrupt or other improper conduct.

During the 2014/15 Financial Year there were no disclosures made under the Act.

RECORD KEEPING PLAN

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

Principal 6 - Compliance: Government Organisations ensure their employees comply with the Record Keeping Plan.

RATIONALE

An Organisation and its employees must comply with the Organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

MINIMUM COMPLIANCE REQUIREMENTS

The Record Keeping Plan is to provide evidence to adduce that:

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

The Shire of Beverley has complied with items 1 to 4.

REGISTER OF MINOR COMPLAINTS

Section 5.121 of the Local Government Act 1995 (Register of Certain Complaints of Minor Breaches), requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) (hb) of the Local Government Act 1995 requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

- i. The number of complaints recorded on the register of complaints;
- ii. How the recorded complaints were dealt with; and
- iii. Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the Local Government Act 1995 were received during 2014/15.

FREEDOM OF INFORMATION

Section 96 of the Freedom of Information Act requires local governments to publish an Information Statement.

In summary, the Shire of Beverley's Statement indicates that the Shire of Beverley is responsible for the good governance of the Shire, and carries out functions as required, including statutory compliance and provision of services and facilities.

All Council meetings are open to the public, and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time, shortly after the commencement of each meeting.

The Shire of Beverley maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements, and Electoral Rolls. These documents can be inspected free of charge at the Shire Office, 136 Vincent Street, Beverley, during office hours.

No Freedom of Information requests were received in 2014/15.

**2014-15 ANNUAL
FINANCIAL REPORT**

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 12th day of October 2015



S.P. Gollan
Chief Executive Officer

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

	NOTE	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Revenue				
Rates	22	2,443,416	2,423,874	2,286,539
Operating Grants, Subsidies and Contributions	28	2,416,840	1,625,098	955,596
Fees and Charges	27	559,867	455,505	481,110
Service Charges	24	0	0	0
Interest Earnings	2(a)	150,007	119,599	169,815
Other Revenue		523,532	64,300	79,913
		<u>6,093,662</u>	<u>4,688,376</u>	<u>3,972,973</u>
Expenses				
Employee Costs		(1,693,578)	(1,782,711)	(1,813,322)
Materials and Contracts		(1,346,929)	(1,040,029)	(1,378,196)
Utility Charges		(186,740)	(229,893)	(189,972)
Depreciation on Non-Current Assets	2(a)	(1,392,920)	(1,162,811)	(1,292,138)
Interest Expenses	2(a)	(56,053)	(55,669)	(59,459)
Insurance Expenses		(158,196)	(201,265)	(126,057)
Other Expenditure		(136,455)	(451,109)	228,428
		<u>(4,970,871)</u>	<u>(4,923,487)</u>	<u>(4,630,716)</u>
		1,122,791	(235,111)	(657,743)
Non-Operating Grants, Subsidies and Contributions	28	710,003	1,012,120	1,034,437
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Profit on Asset Disposals	20	10,589	43,000	14,877
Loss on Asset Disposal	20	<u>(25,535)</u>	<u>(6,000)</u>	<u>(105,769)</u>
Net Result		1,817,848	814,009	285,802
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	313,144	0	6,889,594
Total Other Comprehensive Income		313,144	0	6,889,594
Total Comprehensive Income		<u>2,130,992</u>	<u>814,009</u>	<u>7,175,396</u>

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

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

	NOTE	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Revenue				
General Purpose Funding		3,845,573	3,848,089	3,127,690
Governance		62,321	6,000	10,273
Law, Order, Public Safety		160,947	135,421	152,726
Health		267	100	13,600
Education and Welfare		3,609	2,500	2,850
Housing		85,419	68,500	72,572
Community Amenities		187,524	174,769	175,091
Recreation and Culture		272,359	121,698	102,394
Transport		962,313	190,299	142,285
Economic Services		96,326	73,500	78,985
Other Property and Services		34,073	57,500	94,508
	2(a)	<u>5,710,731</u>	<u>4,678,376</u>	<u>3,972,974</u>
Expenses				
General Purpose Funding		(49,974)	(72,458)	(44,552)
Governance		(326,822)	(247,438)	(229,372)
Law, Order, Public Safety		(214,655)	(215,426)	(181,471)
Health		(123,489)	(178,176)	(77,968)
Education and Welfare		(93,872)	(91,965)	(21,212)
Housing		(230,457)	(299,054)	(204,865)
Community Amenities		(529,537)	(583,770)	(493,869)
Recreation and Culture		(929,947)	(1,027,248)	(1,264,532)
Transport		(1,754,092)	(1,701,278)	(1,730,959)
Economic Services		(287,920)	(406,828)	(271,966)
Other Property and Services		8,878	(34,177)	(50,492)
	2(a)	<u>(4,531,887)</u>	<u>(4,857,818)</u>	<u>(4,571,258)</u>
Finance Costs				
Housing		(1,586)	(1,513)	(1,799)
Recreation and Culture		(53,023)	(52,719)	(55,505)
Economic Services		(1,444)	(1,437)	(2,155)
	2(a)	<u>(56,053)</u>	<u>(55,669)</u>	<u>(59,459)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
Nil		0	0	0
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		25,000	335,585	0
Community Amenities		25,000	0	0
Recreation and Culture		78,447	80,000	433,317
Transport		581,556	596,535	601,120
		<u>710,003</u>	<u>1,012,120</u>	<u>1,034,437</u>
Profit/(Loss) on Disposal of Assets				
Other Property and Services	20	(14,946)	37,000	(90,892)
		<u>(14,946)</u>	<u>37,000</u>	<u>(90,892)</u>
Net Result		1,817,848	814,009	285,802
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	313,144	0	6,889,594
Total Other Comprehensive Income		313,144	0	6,889,594
Total Comprehensive Income		<u>2,130,992</u>	<u>814,009</u>	<u>7,175,396</u>

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

**SHIRE OF BEVERLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2014/15 Actual \$	2013/14 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,476,097	2,966,303
Trade and Other Receivables	4	429,296	321,296
Inventories	5	9,589	12,050
TOTAL CURRENT ASSETS		<u>3,914,982</u>	<u>3,299,649</u>
NON-CURRENT ASSETS			
Other Receivables	4	185,427	186,870
Property, Plant and Equipment	6	20,500,087	20,966,491
Infrastructure	7	46,753,025	44,827,174
TOTAL NON-CURRENT ASSETS		<u>67,438,539</u>	<u>65,980,535</u>
TOTAL ASSETS		<u>71,353,521</u>	<u>69,280,184</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	423,405	400,155
Long Term Borrowings	9	66,632	69,985
Provisions	10	359,820	361,927
TOTAL CURRENT LIABILITIES		<u>849,857</u>	<u>832,067</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,005,118	1,071,750
Provisions	10	20,234	29,047
TOTAL NON-CURRENT LIABILITIES		<u>1,025,352</u>	<u>1,100,797</u>
TOTAL LIABILITIES		<u>1,875,209</u>	<u>1,932,864</u>
NET ASSETS		<u>69,478,312</u>	<u>67,347,320</u>
EQUITY			
Retained Surplus		46,307,620	44,637,145
Reserves - Cash Backed	11	1,810,675	1,663,302
Revaluation Surplus	12	21,360,017	21,046,873
TOTAL EQUITY		<u>69,478,312</u>	<u>67,347,320</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		44,675,504	1,578,689	13,917,731	60,171,924
Comprehensive Income					
Net Result		285,802	0	0	285,802
Changes on Revaluation of Non-Current Assets	12	(239,548)	0	7,129,142	6,889,594
Total Comprehensive Income		46,254	0	7,129,142	7,175,396
Reserve Transfers		(84,613)	84,613	0	0
Balance as at 30 June 2014		44,637,145	1,663,302	21,046,873	67,347,320
Comprehensive Income					
Net Result		1,817,848	0	0	1,817,848
Changes on Revaluation of Non-Current Assets	12	0	0	313,144	313,144
Total Other Comprehensive Income		1,817,848	0	313,144	2,130,992
Reserve Transfers		(147,373)	147,373	0	0
Balance as at 30 June 2015		46,307,620	1,810,675	21,360,017	69,478,312

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

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

	NOTE	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,354,408	2,423,874	2,295,230
Operating Grants, Subsidies and Contributions		2,416,840	1,727,662	1,038,907
Fees and Charges		559,867	455,505	481,110
Service Charges		0	0	0
Interest Earnings		150,008	119,599	167,434
Goods and Services Tax		0	0	0
Other Revenue		411,576	64,300	82,317
		<u>5,892,699</u>	<u>4,790,940</u>	<u>4,064,998</u>
Payments				
Employee Costs		(1,704,499)	(1,782,711)	(1,686,407)
Materials and Contracts		(1,346,929)	(906,230)	(1,228,073)
Utility Charges		(186,740)	(229,893)	(189,972)
Insurance Expenses		(158,196)	(201,265)	(126,057)
Interest expenses		(56,126)	(55,669)	(66,203)
Goods and Services Tax		0	0	0
Other Expenditure		(28,279)	(451,110)	246,075
		<u>(3,480,769)</u>	<u>(3,626,878)</u>	<u>(3,050,637)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,411,930</u>	<u>1,164,062</u>	<u>1,014,361</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(1,457,571)	(2,100,182)	(891,597)
Payments for Construction of Infrastructure		(1,387,087)	(1,705,451)	(942,184)
Advances to Community Groups		0	0	0
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions		710,003	1,012,120	0
Proceeds from Sale of Plant & Equipment		290,492	306,000	245,060
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
		<u>(1,844,163)</u>	<u>(2,487,513)</u>	<u>(1,588,721)</u>
Net Cash Provided By (Used In) Investing Activities		<u>(1,844,163)</u>	<u>(2,487,513)</u>	<u>(1,588,721)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(69,984)	(69,984)	(66,516)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		12,011	12,013	0
Proceeds from New Debentures		0	0	0
		<u>(57,973)</u>	<u>(57,971)</u>	<u>(66,516)</u>
Net Cash Provided By (Used In) Financing Activities		<u>(57,973)</u>	<u>(57,971)</u>	<u>(66,516)</u>
Net Increase (Decrease) in Cash Held		509,794	(1,381,422)	(640,876)
Cash at Beginning of Year		2,966,303	2,966,303	3,607,179
Cash and Cash Equivalents at the End of the Year	13(a)	<u>3,476,097</u>	<u>1,584,881</u>	<u>2,966,303</u>

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

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

	NOTE	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Revenue				
General Purpose Funding		1,402,157	1,424,215	841,151
Governance		62,321	6,000	10,273
Law, Order, Public Safety		185,947	471,006	152,726
Health		267	100	13,600
Education and Welfare		3,609	2,500	2,850
Housing		85,419	68,500	72,572
Community Amenities		212,524	174,769	175,091
Recreation and Culture		350,806	201,698	535,711
Transport		1,543,869	786,835	743,405
Economic Services		96,326	73,500	78,985
Other Property and Services		44,473	94,500	94,510
		<u>3,987,718</u>	<u>3,303,623</u>	<u>2,720,874</u>
Expenses				
General Purpose Funding		(49,974)	(72,458)	(44,552)
Governance		(326,822)	(247,438)	(229,372)
Law, Order, Public Safety		(214,655)	(215,426)	(181,471)
Health		(123,489)	(178,176)	(77,968)
Education and Welfare		(93,872)	(91,965)	(21,212)
Housing		(232,043)	(300,567)	(206,664)
Community Amenities		(529,537)	(583,770)	(493,869)
Recreation and Culture		(982,970)	(1,079,967)	(1,320,037)
Transport		(1,754,092)	(1,701,278)	(1,730,959)
Economic Services		(289,364)	(408,265)	(274,121)
Other Property and Services		(16,469)	(34,177)	(50,492)
		<u>(4,613,287)</u>	<u>(4,913,487)</u>	<u>(4,630,717)</u>
Net Result Excluding Rates		(625,569)	(1,609,864)	(1,909,843)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets Due to Change to Regulations				
- Land		(95,000)	0	0
(Profit)/Loss on Asset Disposals	20	14,946	(37,000)	90,892
Movement in Leave Reserve Cash Balances		(10,463)	0	9,127
Movement in Employee Benefit Provisions (Non-Current)		(8,814)	0	(34,008)
Movement in Non-Current Debtors		(11,322)		
Depreciation and Amortisation on Assets	2(a)	1,392,920	1,162,810	1,292,138
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(671,518)	(861,712)	(386,986)
Purchase Infrastructure Assets - Roads		(1,333,808)	(1,705,451)	(1,976,621)
Purchase Infrastructure Assets - Other		(53,279)	0	0
Purchase Plant and Equipment		(652,035)	(1,160,470)	(474,807)
Purchase Furniture and Equipment		(39,019)	(78,000)	(29,805)
Proceeds from Disposal of Investments		0	0	0
Proceeds from Disposal of Assets	20	290,492	306,000	154,168
Repayment of Debentures	21	(69,984)	(69,984)	(66,517)
Proceeds from New Debentures	21	0	0	0
Self-Supporting Loan Principal Income		12,014	12,013	0
Transfers to Reserves (Restricted Assets)	11	(205,374)	(163,392)	(84,613)
Transfers from Reserves (Restricted Assets)	11	58,000	640,000	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd.	22(b)	1,113,045	1,141,176	2,243,381
LESS Estimated Surplus/(Deficit) June 30 C/Fwd.	22(b)	1,548,648	0	1,113,045
Total Amount Raised from General Rate	22(a)	<u>(2,443,416)</u>	<u>(2,423,874)</u>	<u>(2,286,539)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax (GST)

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

Council has adopted Fair Value across all asset types in accordance with the Regulations.

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

Land Under Control

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

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

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

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2015.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

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

Revaluation

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

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

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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

Land under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Fair Value of Assets and Liabilities

When performing a revaluation, 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 or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques

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.

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, 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 are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (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 the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

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

(v) Financial liabilities

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

Impairment

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

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

(j) Impairment

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Trade and Other Payables

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

(l) Employee Benefits

Short-term employee benefits

Provision is made for 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.

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. Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

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

Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where 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.

(m) Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

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

(o) Leases

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

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

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

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

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

(p) Investments in Associates

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

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

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

Council does not have any associates.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

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

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

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

(r) Rates, Grants, Donations and Other Contributions

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

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

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

(s) Superannuation

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

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

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

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the 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)	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 106, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The effect of this Standard will depend upon the nature of future transactions Council has with those third parties it has dealings with. It may or may not be significant.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

(y) Adoption of New and Revised Accounting Standards

During the current year, 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 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of 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 BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

2. REVENUE AND EXPENSES	2014/15 Actual \$	2013/14 Actual \$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
Audit Expenses	18,071	17,155	
Depreciation			
Buildings	369,373	374,498	
Furniture and Equipment	23,982	15,895	
Plant and Equipment	177,376	160,032	
Roads	783,485	741,713	
Footpaths	38,704	0	
Drainage	0	0	
	<u>1,392,920</u>	<u>1,292,138</u>	
Interest Expenses (Finance Costs)			
Finance Lease Charges	0	0	
Debentures (<i>refer Note 21(a)</i>)	56,053	59,459	
	<u>56,053</u>	<u>59,459</u>	
Rental Charges			
- Operating Leases	<u>6,950</u>	<u>6,950</u>	
(ii) Crediting as Revenue:			
	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Interest Earnings			
Investments			
- Reserve Funds	59,002	49,899	59,250
- Other Funds	56,090	60,000	87,779
Other Interest Revenue (<i>refer Note 26</i>)	34,915	9,700	22,786
	<u>150,007</u>	<u>119,599</u>	<u>169,815</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established in line with the requirements of the Local Government Act and Regulations.

Council operations as disclosed in this report encompass the following service orientated activities/programs:

GOVERNANCE

Member of Council Allowances and Reimbursements, Civic Functions, Election Expenses and Administration Expenses.

GENERAL PURPOSE FUNDING

Rates Levied, Interest on Late Payment of Rates, General Purpose Grants and Interest Received on Investments.

LAW, ORDER, PUBLIC SAFETY

Supervision of various Local Laws, Fire Prevention and Animal Control.

HEALTH

Environmental Health, Food Control, Pest Control, Immunisation Services and Maintenance of Infant Health Clinics.

EDUCATION AND WELFARE

Pre-Schools and other Education. Care of Families and Children.

HOUSING

Aged Persons Residence and Staff Housing.

COMMUNITY AMENITIES

Refuse Collection Services, Landfill Site Operations, Protection of the Environment. Administration of the Town Planning Scheme and Urban Stormwater and Drainage Works.

RECREATION AND CULTURE

Maintenance of Halls, Swimming Pool, Recreation Ground, Reserves, Libraries and Other Culture.

TRANSPORT

Maintenance of Roads, Drainage Works, Footpaths, Street Lighting, Crossovers, Verge Maintenance and Street Sweeping.

ECONOMIC SERVICES

Weed Control, Area Promotion, Implementation of Building Controls, Swimming Pool Inspections.

OTHER PROPERTY & SERVICES

Private Works, Public Works Overheads, Plant Operations, Materials, Salaries and Wages Controls

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

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*)		Received (+)		Expended (#)		Closing Balance (*)		Expended (#) 2014/15	Received (+) 2014/15	Closing Balance 30-Jun-15
		1-Jul-13	\$	2013/14	\$	2013/14	\$	30-Jun-14	\$			
2012/13 CLGF - Individual	Recreation & Culture	0		335,640		(54,504)		281,136		0		0
Special Bridge Grant	Transport	584,000		88,000		(584,000)		88,000		0		0
Community Arts Grant	Recreation & Culture	0		4,000		(4,000)		0		0		0
Conservation Plan Grant	Recreation & Culture	9,950		0		(9,950)		0		0		0
CSRFF Grant	Recreation & Culture	0		97,677		(97,677)		0		55,000		0
MIRWA Direct Road Grant	Transport	0		83,962		(83,962)		0		91,300		0
Regional Road Group Grant	Transport	0		299,347		(299,347)		0		299,312		0
Roads To Recovery Grant	Transport	0		213,773		(213,773)		0		221,840		0
Workforce Planning Grant	Governance	0		0		0		0		25,000		0
Swimming Pool Revitalisation	Recreation & Culture	0		0		0		0		33,000		0
Special Bridge Grant	Transport	0		0		0		0		60,404		0
Emergency Lighting Grant	Transport	0		0		0		0		106,512		0
Crime Prevention Fund	Law, Order, Public Safety	0		0		0		0		25,000		25,000
Water Harvesting Grant	Community Amenities	0		0		0		0		25,000		25,000
Total		593,950		1,122,399		(1,347,213)		369,136		942,368		50,000

Notes:

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

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

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

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

	2014/15 Actual \$	2013/14 Actual \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,615,422	933,865
Restricted	1,860,675	2,032,438
	<u>3,476,097</u>	<u>2,966,303</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserve Funds - Cash Backed (refer Note 11)	1,810,675	1,663,302
Unspent Grants (refer Note 2(c))	50,000	369,136
Unspent Loans	0	0
	<u>1,860,675</u>	<u>2,032,438</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	239,117	226,525
Sundry Debtors	177,414	46,959
GST Receivable	0	35,799
Loans - Clubs/Institutions	12,765	12,013
	<u>429,296</u>	<u>321,296</u>
Non-Current		
Rates Outstanding - Pensioners	83,328	72,006
Loans - Clubs/Institutions	102,099	114,864
	<u>185,427</u>	<u>186,870</u>
5. INVENTORIES		
Current		
Fuel and Materials	9,589	12,050
	<u>9,589</u>	<u>12,050</u>

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

	2014/15 Actual \$	2013/14 Actual \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at Fair Value:		
- Independent Valuation 2014	3,443,200	2,673,152
	<u>3,443,200</u>	<u>2,673,152</u>
Land Under Control at Fair Value:		
- Independent Valuation 2014	95,000	0
Total Land	<u>3,538,200</u>	<u>2,673,152</u>
Buildings at Fair Value:		
- Independent Valuation 2014	15,125,641	16,917,391
Less Accumulated Depreciation	<u>(150,162)</u>	<u>(426,204)</u>
Total Buildings	<u>14,975,479</u>	<u>16,491,187</u>
Total Land and Buildings	<u>18,513,679</u>	<u>19,164,339</u>
Furniture and Equipment - Management Valuation 2015	212,405	343,084
Less Accumulated Depreciation	<u>(39,875)</u>	<u>(185,590)</u>
	172,530	157,494
Plant and Equipment - Management Valuation 2015	2,086,942	2,198,876
Less Accumulated Depreciation	<u>(273,064)</u>	<u>(554,218)</u>
	1,813,878	1,644,658
	<u>20,500,087</u>	<u>20,966,491</u>

Land and Buildings:

A valuation of land and building assets was undertaken by an external consultant in December 2014 and the valuation was adopted as the fair value in February 2015.

The revaluation of land and building assets resulted in a decrease on revaluation of (\$1,047,809) in the net value of land and buildings.

All of this decrease was debited to the revaluation surplus (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Plant and Equipment:

Plant and machinery were valued in 2013 as part of the mandatory requirements as per Local Government (Financial Management) Regulation 17A.

A stocktake of plant and machinery was undertaken in 2015, resulting in non-existing, old items that had been fully depreciated or could not be found, being written off, and any item below the value of \$1,000 capitalisation threshold was removed from the asset register. The items were internally valued through the use of external suppliers.

Furniture and Equipment:

Furniture and Equipment items were valued in 2013 as part of the mandatory requirements as per Local Government (Financial Management) Regulation 17A.

The Furniture and Equipment currently on the Council's asset register was identified during a stocktake in 2015 and is replaced on a regular basis. Based on this, the cost approach is deemed to be the most appropriate and a very conservative fair value measurement.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

Fair Value Hierarchy Valuation Approach Last Valued	Non-Specialised Buildings		Specialised Buildings		Total Buildings		Total Land and Buildings		Plant and Equipment		Furniture and Equipment		Total
	Land Level 2 Market 2015	Level 2 Market 2015	Level 3 Cost 2015	Level 3 Cost 2015	Total Buildings	Total Buildings	Level 3 Market 2013	Level 3 Cost 2015	Level 3 Market 2013	Level 3 Cost 2015	Level 3 Market 2013	Level 3 Cost 2015	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	2,673,152	4,438,054	12,053,133	16,491,187	19,164,339	1,644,658	157,494	20,966,491					
Adjustment - Categorisation	208,953	259,153	(468,106)	(208,953)	0	0	0	0					
Revised Opening Balance	2,882,105	4,697,207	11,585,027	16,282,234	19,164,339	1,644,658	157,494	20,966,491					
Additions	0	7,600	663,918	671,518	671,518	652,035	39,019	1,362,572					
(Disposals)	0	0	0	0	0	(305,438)	0	(305,438)					
Revaluation - Increments	561,095	0	0	0	561,095	0	0	561,095					
- (Decrements)	0	(722,113)	(886,788)	(1,608,901)	(1,608,901)	0	0	(1,608,901)					
Impairment - (Losses)	0	0	0	0	0	0	0	0					
- Reversals	0	0	0	0	0	0	0	0					
Initial Recognition of assets													
Due to Changes to Regulations	95,000	0	0	0	95,000	0	0	95,000					
Depreciation (Expense)	0	(111,078)	(258,295)	(369,373)	(369,373)	(177,376)	(23,982)	(570,731)					
Carrying amount at the end of year	3,538,200	3,871,616	11,103,862	14,975,478	18,513,678	1,813,879	172,531	20,500,088					

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	December 2014	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local land sales.
Land vested in and under the control of Council	3	Improvements to land valued using depreciated replacement cost.	Independent Registered Valuer	December 2014	Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Non-specialised buildings	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	December 2014	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local property sales.
Specialised buildings	3	Cost approach using depreciated replacement cost.	Independent Registered Valuer	December 2014	Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Plant and Equipment	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2014	Residual values and remaining useful life assessment inputs.
Furniture and Equipment	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2014	Residual values and remaining useful life assessment inputs.

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

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

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

	2014/15 Actual \$	2013/14 Actual \$
7. INFRASTRUCTURE		
Roads - Valuation	67,900,125	66,682,587
Less Accumulated Depreciation	<u>(21,784,079)</u>	<u>(21,855,413)</u>
	46,116,046	44,827,174
Footpaths - Valuation	1,596,065	0
Less Accumulated Depreciation	<u>(959,086)</u>	<u>0</u>
	636,979	0
	<u>46,753,025</u>	<u>44,827,174</u>

Infrastructure:

A full road and footpath asset network valuation was undertaken by external consultants.

The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2015.

The revaluation of infrastructure assets resulted in an increase on revaluation of \$1,360,952 in the net value of infrastructure.

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

Other minor infrastructure asset networks will be valued by external consultants and these applied as fair value during the 2015/16 financial year.

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

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.

Fair Value Hierarchy Valuation Approach Last Valued	Roads Level 3 Cost 2015 \$	Footpaths Level 3 Cost 2015 \$	Total \$
Balance at the beginning of the year	44,827,174	0	44,827,174
Additions	1,387,087	0	1,387,087
(Disposals)	0	0	0
Revaluation - Increments	685,270	675,683	1,360,953
- (Decrements)	0	0	0
Impairment - (Losses)	0	0	0
- Reversals	0	0	0
Depreciation (Expense)	(783,485)	(38,704)	(822,189)
Carrying amount at the end of year	<u>46,116,046</u>	<u>636,979</u>	<u>46,753,025</u>

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

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

7. INFRASTRUCTURE (Continued)**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2014	ROMAN 2 database where input unit costs were reviewed.
Footpaths	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2014	Full pick up and condition assessment of footpath assets conducted.

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

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

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

	2014/15 Actual \$	2013/14 Actual \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	270,865	346,424
Accrued Expenses	98,026	
Accrued Interest on Debentures	353	426
Accrued Salaries and Wages	54,161	53,305
	423,405	400,155
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	66,632	69,985
Lease Liability	0	0
	66,632	69,985
Non-Current		
Secured by Floating Charge		
Debentures	1,005,118	1,071,750
Lease Liability	0	0
	1,005,118	1,071,750

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	359,820	361,927
Non-Current	20,234	29,047
	380,054	390,974

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2014	179,942	211,034	390,976
Additional provisions	36,776	28,307	65,083
Amounts used	(26,588)	(49,417)	(76,005)
Used amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2015	190,130	189,924	380,054

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

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
11. RESERVES - CASH BACKED			
(a) Annual Leave Reserve			
<i>Purpose - to be used to fund annual leave requirements.</i>			
Opening Balance	141,676	141,676	136,521
Amount Set Aside / Transfer to Reserve	4,823	4,250	5,155
Amount Used / Transfer from Reserve	0	0	0
	<u>146,498</u>	<u>145,926</u>	<u>141,676</u>
(b) Avon River Development Reserve			
<i>Purpose - to be used to develop the Avon River pool and surrounding environment.</i>			
Opening Balance	22,105	22,105	21,301
Amount Set Aside / Transfer to Reserve	752	663	804
Amount Used / Transfer from Reserve	0	0	0
	<u>22,857</u>	<u>22,768</u>	<u>22,105</u>
(c) Building Reserve			
<i>Purpose - to be used to fund the construction of new and renovation of existing Council buildings.</i>			
Opening Balance	337,835	337,835	325,542
Amount Set Aside / Transfer to Reserve	11,501	10,135	12,293
Amount Used / Transfer from Reserve	0	(320,000)	0
	<u>349,336</u>	<u>27,970</u>	<u>337,835</u>
(d) Community Bus Reserve			
<i>Purpose - to be used for the replacement of the Community Bus.</i>			
Opening Balance	33,122	33,122	31,916
Amount Set Aside / Transfer to Reserve	4,128	1,994	1,206
Amount Used / Transfer from Reserve	0	(30,000)	0
	<u>37,249</u>	<u>5,116</u>	<u>33,122</u>
(e) Cropping Committee Reserve			
<i>Purpose - to be used to fund Community Based projects and assist Community Groups.</i>			
Opening Balance	255,069	255,069	221,698
Amount Set Aside / Transfer to Reserve	49,183	45,145	33,371
Amount Used / Transfer from Reserve	(10,000)	(165,000)	0
	<u>294,252</u>	<u>135,214</u>	<u>255,069</u>
(f) Emergency Services Reserve			
<i>Purpose - to be used to acquire Emergency Service support equipment.</i>			
Opening Balance	109,976	109,976	105,974
Amount Set Aside / Transfer to Reserve	3,744	3,299	4,002
Amount Used / Transfer from Reserve	0	(25,000)	0
	<u>113,720</u>	<u>88,275</u>	<u>109,976</u>
(g) LSL and Gratuity Reserve			
<i>Purpose - to be used to fund Long Service Leave and Gratuity payment obligations.</i>			
Opening Balance	109,117	109,117	105,147
Amount Set Aside / Transfer to Reserve	3,715	3,274	3,970
Amount Used / Transfer from Reserve	(19,000)	(100,000)	0
	<u>93,832</u>	<u>12,391</u>	<u>109,117</u>

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

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
11. RESERVES - CASH BACKED (Continued)			
(h) Office Equipment Replacement Reserve			
<i>Purpose - to be used for the replacement of office equipment.</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	10,000	10,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>10,000</u>	<u>10,000</u>	<u>0</u>
(i) Plant Replacement Reserve			
<i>Purpose - to be used for the purchase of major plant.</i>			
Opening Balance	82,159	82,159	79,169
Amount Set Aside / Transfer to Reserve	2,797	2,465	2,990
Amount Used / Transfer from Reserve	(29,000)	0	0
	<u>55,956</u>	<u>84,624</u>	<u>82,159</u>
(j) Recreation Ground Reserve			
<i>Purpose - to be used for the upgrade or maintenance of recreation areas and buildings, including the Swimming Pool.</i>			
Opening Balance	332,861	332,861	320,749
Amount Set Aside / Transfer to Reserve	21,331	19,986	12,112
Amount Used / Transfer from Reserve	0	0	0
	<u>354,192</u>	<u>352,847</u>	<u>332,861</u>
(k) Road Construction Reserve			
<i>Purpose - to be used to fund the construction and maintenance of roads.</i>			
Opening Balance	239,382	239,382	230,672
Amount Set Aside / Transfer to Reserve	58,150	57,181	8,710
Amount Used / Transfer from Reserve	0	0	0
	<u>297,532</u>	<u>296,563</u>	<u>239,382</u>
(l) Airfield Emergency Lighting Reserve			
<i>Purpose - to be used for the upgrade and maintenance of the Airfield runway lighting.</i>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	35,251	5,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>35,251</u>	<u>5,000</u>	<u>0</u>
(m) Summary			
Opening Balance	1,663,302	1,663,302	1,578,689
Amount Set Aside / Transfer to Reserve	205,374	163,392	84,613
Amount Used / Transfer from Reserve	(58,000)	(640,000)	0
Total Reserves	<u>1,810,675</u>	<u>1,186,694</u>	<u>1,663,302</u>

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

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

	2014/15 Actual \$	2013/14 Actual \$
12. RESERVES - ASSET REVALUATION		
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	10,215,619	7,617,238
Revaluation Increment	0	2,598,381
Revaluation Decrement	<u>(1,047,809)</u>	<u>0</u>
	<u>9,167,810</u>	<u>10,215,619</u>
(b) Plant and Equipment		
Opening Balance	31,840	31,840
Revaluation Increment	0	0
Revaluation Decrement	<u>0</u>	<u>0</u>
	<u>31,840</u>	<u>31,840</u>
(c) Furniture and Equipment		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
(d) Infrastructure - Roads		
Opening Balance	10,799,413	6,540,040
Revaluation Increment	685,270	4,259,373
Revaluation Decrement	<u>0</u>	<u>0</u>
	<u>11,484,683</u>	<u>10,799,413</u>
(d) Infrastructure - Footpaths		
Opening Balance	0	0
Revaluation Increment	675,684	0
Revaluation Decrement	<u>0</u>	<u>0</u>
	<u>675,684</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u>21,360,017</u>	<u>21,046,872</u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of Cash**

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

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Cash and Cash Equivalents	<u>3,476,097</u>	<u>1,584,881</u>	<u>2,966,303</u>

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

Net Result	1,817,848	814,009	285,802
Amortisation	0	0	0
Depreciation	1,392,920	1,162,810	1,292,138
(Profit)/Loss on Sale of Asset	14,946	(37,000)	90,892
(Increase)/Decrease in Receivables	(203,495)	102,564	54,692
(Increase)/Decrease in Inventories	2,461	(900)	(571)
Increase/(Decrease) in Payables	108,175	134,699	275,090
Increase/(Decrease) in Employee Provisions	(10,922)	0	50,755
Grants/Contributions for the Development of Assets	(710,003)	(2,445,470)	(1,034,437)
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
Net Cash from Operating Activities	<u>2,411,930</u>	<u>(269,288)</u>	<u>1,014,361</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	(43)	(798)
Total Amount of Credit Unused	<u>9,957</u>	<u>9,202</u>

Loan Facilities

Loan Facilities - Current	66,632	69,985
Loan Facilities - Non-Current	1,005,118	1,071,750
Total Facilities in Use at Balance Date	<u>1,071,750</u>	<u>1,141,735</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

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

14. CONTINGENT LIABILITIES

Council does not have any known contingent liabilities as at 30 June 2015.

	2014/15 Actual \$	2013/14 Actual \$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	6,950	6,950
- later than one year but not later than five years	0	6,950
- later than five years	0	0
	6,950	13,900

16. JOINT VENTURE

The Shire of Beverley did not participate in any joint venture in the 2014/15 financial year.

	2014/15 Actual \$	2013/14 Actual \$
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
General Purpose Funding	0	0
Governance	1,154,757	2,141,082
Law, Order, Public Safety	84,693	477,568
Health	254,099	160,001
Education and Welfare	0	0
Housing	3,472,297	4,180,731
Community Amenities	90,252	351,599
Recreation and Culture	11,980,406	10,747,285
Transport	47,266,352	45,210,157
Economic Services	435,205	910,621
Other Property and Services	2,420,051	1,614,621
Unallocated	95,000	3,486,520
	67,253,112	69,280,185

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

18. FINANCIAL RATIOS	2014/15	2013/14	2012/13
Current Ratio	3.37	2.18	7.24
Debt Service Cover Ratio	20.29	4.79	28.71
Own Source Revenue Coverage Ratio	0.79	0.67	0.75
Operating Surplus Ratio	0.28	(0.24)	0.17
Asset Sustainability Ratio	1.24	1.13	0.55

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

Two of the 2014/15 ratios disclosed above are distorted by items of significant revenue totalling \$95,000 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(g), 1(h) and 2(a)(ii) for further details).

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

These items of significant revenue are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2014/15 column above would be as follows:

	2014/15
Debt Service Cover Ratio	19.53
Operating Surplus Ratio	0.27

Further to the statutory ratios, the following ratio is provided for comparison by Council:

Rate Income Versus Debt Ratio	$\frac{\text{Rate Income}}{\text{Total Debt}}$
Rate Income Versus Debt Ratio	2.28

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

19. TRUST FUNDS

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

Description	Balance 1-Jul-14 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-15 \$
Unclaimed Monies	1,132	0	(1,132)	0
Second Hand Housing Deposits	24,600	0	(19,600)	5,000
Housing Rental Bonds	3,999	620	(200)	4,419
Subdivision Bonds	1,500	0	(1,500)	0
Nomination Deposits	0	0	0	0
Key Bonds	1,050	1,650	(440)	2,260
Cleaning Bonds	250	1,490	(390)	1,350
Cat Trap Bonds	100	0	(100)	0
Emergency Lighting Fund	84,872	13,159	(98,031)	0
ILU Retention Fee Fund	0	178,000	0	178,000
	<u>117,503</u>			<u>191,029</u>

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

20. DISPOSAL OF ASSETS

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Holden Caprice 1	42,228	40,000	42,416	42,000	188	2,000
Holden Caprice 2	42,380	40,000	40,974	42,000	(1,406)	2,000
Holden Evoke Wagon	18,560	19,000	17,409	18,000	(1,151)	(1,000)
Law, Order, Public Safety						
Colorado Crewcab 4x4 2	17,167	17,000	14,162	15,000	(3,005)	(2,000)
Health						
Holden Evoke Sedan	16,146	17,000	14,547	14,000	(1,599)	(3,000)
Community Amenities						
Caterpillar Loader	26,535	0	10,500	0	(16,035)	0
Transport						
Colorado Crewcab 4x4 1	33,681	29,000	31,342	30,000	(2,339)	1,000
Crewcab Truck	17,999	20,000	19,142	20,000	1,143	0
John Deere Grader	90,742	77,000	100,000	110,000	9,258	33,000
Other Property & Services						
Community Bus	0	10,000	0	15,000	0	5,000
	305,438	269,000	290,492	306,000	(14,946)	37,000

Profit on Asset Disposal	10,589
(Loss) on Asset Disposal	(25,535)
	<u>(14,946)</u>

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

21. INFORMATION ON BORROWINGS**(a) Repayments - Debentures**

Particulars	Principal 1-Jul-14 \$	New Loans \$	Principal Repayments		Principal 30-Jun-15		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 112 - Frail Aged Lodge <i>Loan Date - 15 April 1999</i>	25,583	0	5,092	5,092	20,491	20,491	1,586	1,513
Recreation & Culture								
Loan 115 - Oval Water Supply <i>Loan Date - 29 October 2004</i>	6,810	0	6,810	6,810	0	0	224	194
Loan 117 - Bowling Greens* <i>Loan Date - 22 November 2006</i>	110,670	0	12,013	12,013	98,657	98,657	6,894	6,742
Loan 118 - Recreation Centre <i>Loan Date - 28 June 2006</i>	973,909	0	34,074	34,074	939,835	939,835	45,905	45,783
Economic Services								
Loan 116 - Caravan Park Upgrade <i>Loan Date - 10 May 2013</i>	24,762	0	11,995	11,995	12,767	12,767	1,444	1,437
	1,141,734	0	69,984	69,984	1,071,750	1,071,750	56,053	55,669

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

(b) New Debentures

Council did not raise any new debentures during the 2014/15 financial year.

(c) Unspent Debentures

Council had no unspent debentures at the balance date.

(d) Overdraft

Council did not utilise an overdraft facility in the 2014/15 financial year.

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

22. RATING INFORMATION

(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 \$
General Rate											
General Rate - GRV	0.101037	505	5,297,099	535,203	977	0	536,180	534,185	0	0	534,185
General Rate - UV	0.008659	665	224,242,522	1,941,716	10,423	0	1,952,139	1,944,570	0	0	1,944,570
General Rate - UV Mining	0.008659	0	0	0	0	0	0	0	0	0	0
Sub-Totals		1,170	229,539,621	2,476,919	11,400	0	2,488,319	2,478,755	0	0	2,478,755
Minimum Rates											
Minimum Rates - GRV	739	156	579,469	115,284	0	0	115,284	115,256	0	0	115,256
Minimum Rates - UV	739	47	4,578,445	34,733	0	0	34,733	40,635	0	0	40,635
Minimum Rates - UV Mining	739	7	99,156	5,173	0	0	5,173	0	0	0	0
Sub-Totals		210	5,257,070	155,190	0	0	155,190	155,891	0	0	155,891
Discounts (refer note 25)				2,643,509			2,643,509				2,634,646
Total Amount Raised from General Rate				(206,302)			(206,302)				(210,772)
Ex-Gratia Rates				2,437,207			2,437,207				2,423,874
Specified Area Rate (refer note 23)				6,209			6,209				0
				0			0				0
Total Rates				2,443,416			2,443,416				2,423,874

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

22. RATING INFORMATION (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2014/15 (30 June 2015 Carried Forward) \$	2014/15 (1 July 2014 Brought Forward) \$	2013/14 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>1,548,648</u>	<u>1,113,045</u>	<u>1,113,045</u>
<u>Comprises:</u>			
Cash - Unrestricted	1,615,422	933,865	933,865
Cash - Restricted Grant Funds	50,000	369,136	369,136
Cash - Restricted Reserves	1,810,675	1,663,302	1,663,302
Rates - Current	239,117	0	161,431
Sundry Debtors	177,414	309,283	147,852
GST Receivable	0	0	0
Inventories			
- Fuel and Materials	9,589	12,051	12,051
<u>Less:</u>			
Reserves - Cash Backed	(1,810,675)	(1,663,302)	(1,663,302)
Sundry Creditors	(270,864)	(400,155)	(346,424)
Accrued Expenses	(98,026)		
Accrued Interest on Debentures	(353)	0	(426)
Accrued Salaries and Wages	(54,161)	0	(53,305)
Current Employee Benefits Provision	(359,820)	(361,929)	(361,929)
Employee Benefits - Cash Backed	240,330	250,794	250,794
Surplus/(Deficit)	<u>1,548,648</u>	<u>1,113,045</u>	<u>1,113,045</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2014 Brought Forward position used in the 2014/15 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2013/14 audited financial report.

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

23. SPECIFIED AREA RATE

Council has not levied any Specified Area Rates during 2014/15 financial year.

24. SERVICE CHARGES

Council has not levied any Service Charges during the 2014/15 financial year.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10.00%	206,302	210,772
Minimum Rate	Discount	10.00%	206,302	210,772

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

26. INTEREST CHARGES AND INSTALMENTS

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		22,839	7,700
Interest on Instalments Plan	5.50%	10	7,212	7,500
Interest on Deferred Pensioner Rates	2.85%		4,864	2,000
			34,915	17,200

Ratepayers had the option of paying rates in four equal instalments, due on 8th September 2014, 10th November 2014, 12th January 2015 and 12th March 2015. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014/15 Actual \$	2013/14 Actual \$
General Purpose Funding	9,317	19,224
Governance	564	0
Law, Order, Public Safety	8,970	7,463
Health	267	100
Education and Welfare	0	2,467
Housing	78,965	72,572
Community Amenities	185,394	174,582
Recreation and Culture	80,590	79,063
Transport	55,684	19,591
Economic Services	95,490	76,808
Other Property and Services	44,626	29,240
	<u>559,867</u>	<u>481,110</u>

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

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

28. GRANT REVENUE

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

	2014/15 Actual \$	2013/14 Actual \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions*	2,416,840	955,596
Non-Operating Grants, Subsidies and Contributions	710,003	1,034,437
	<u>3,126,843</u>	<u>1,990,033</u>
By Program:		
General Purpose Funding	1,233,180	442,899
Governance	60,025	10,273
Law, Order, Public Safety	172,905	141,263
Health	0	0
Education and Welfare	0	0
Housing	5,135	0
Community Amenities	27,129	509
Recreation and Culture	170,729	456,648
Transport	1,450,873	895,618
Economic Services	0	1,864
Other Property and Services	6,867	40,959
	<u>3,126,843</u>	<u>1,990,033</u>

* Operating Grants, Subsidies and Contributions total includes Reimbursements of \$255,552.

29. ELECTED MEMBERS REMUNERATION

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

	2014/15 Actual \$	2014/15 Budget \$	2013/14 Actual \$
Meeting Fees	40,688	40,000	39,750
President's Allowance	5,500	5,500	6,000
Deputy President's Allowance	688	1,375	1,750
Travelling Expenses	4,092	5,000	4,177
Telecommunications Allowance	9,984	9,000	8,500
	<u>60,952</u>	<u>60,875</u>	<u>60,177</u>

30. EMPLOYEE NUMBERS

	2014/15 Actual \$	2013/14 Actual \$
The number of full-time equivalent employees at balance date	<u>25</u>	<u>26</u>
Number of Employees earning \$100,000 or more per annum.	<u>1</u>	<u>1</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2014/15 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

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

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	
	2014/15 Actual \$	2013/14 Actual \$	2014/15 Actual \$	2013/14 Actual \$
Financial Assets				
Cash and cash equivalents	3,476,097	2,966,303	3,476,097	2,966,303
Receivables	614,723	508,166	614,723	508,166
Investments	0	0	0	0
	<u>4,090,820</u>	<u>3,474,469</u>	<u>4,090,820</u>	<u>3,474,469</u>
Financial Liabilities				
Payables	423,405	400,155	423,405	400,155
Borrowings	1,071,750	1,141,735	1,063,714	819,977
	<u>1,495,155</u>	<u>1,541,890</u>	<u>1,487,119</u>	<u>1,220,132</u>

Fair value is determined as follows:

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

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

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. Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

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

Council manages these risks by only investing in term deposits with APRA approved financial institutions. Council does not invest in any financial product where capital value may be diminished.

	2014/15 Actual \$	2013/14 Actual \$
Impact of a 2.5% (*) movement in interest rates on cash and investments:		
- Equity	86,902	0
- Statement of Comprehensive Income	86,902	74,150
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	34,761	0
- Statement of Comprehensive Income	34,761	29,660

Notes:

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

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

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 by offering a 10% discount.

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:

	2014/15 Actual	2013/14 Actual
Percentage of Rates and Annual Charges	\$	\$
- Current	48%	14%
- Overdue (greater than 12 months)	52%	86%
Percentage of Other Receivables		
- Current	74%	80%
- Overdue (greater than 30 days)	26%	20%

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

33. FINANCIAL RISK MANAGEMENT (Continued)
(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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:

	2014/15	2013/14	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	423,405	423,405	0	0	0	423,405	423,405
Borrowings	66,632	1,071,750	297,361	707,757	0	1,071,750	1,071,750
	<u>490,037</u>	<u>1,495,155</u>	<u>297,361</u>	<u>707,757</u>	<u>0</u>	<u>1,495,155</u>	<u>1,495,155</u>
Payables	400,155	400,155	0	0	0	400,155	400,155
Borrowings	69,985	1,141,734	242,419	829,330	0	1,141,734	1,141,735
	<u>470,140</u>	<u>1,541,889</u>	<u>242,419</u>	<u>829,330</u>	<u>0</u>	<u>1,541,889</u>	<u>1,541,890</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2015								
Fixed Rate Debentures	12,767	0	0	20,491	0	1,038,492	1,071,750	4.87%
Weighted Average Effective Interest Rate	4.83%	0.00%	0.00%	4.75%	0.00%	4.70%		
Year Ended 30 June 2014								
Fixed Rate Debentures	0	6,810	24,762	0	25,583	1,084,579	1,141,734	4.90%
Weighted Average Effective Interest Rate	0.00%	4.87%	4.83%	0.00%	4.78%	4.78%		



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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Beverley, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2015, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Management's responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Qualification- Completeness of Infrastructure assets

In accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, infrastructure assets were required to be transitioned to fair value by 30 June 2015. Shire of Beverley have completed an assessment of road and footpath classes of infrastructure assets, however a full completeness review of all other classes of infrastructure assets including bridges, drainage, parks and gardens has not been completed. As a result we have not been able to determine whether the recognition of other classes of infrastructure assets would have a material impact on the financial statements. Accordingly, we do not provide an opinion on the completeness of infrastructure assets recorded at 30 June 2015.

Liability limited by a scheme approved under Professional Standards Legislation

Independent Member of
BKR
INTERNATIONAL

A
CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Qualified Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, in our opinion, the financial report of the Shire of Beverley

- i. gives a true and fair view of the Shire of Beverley's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015;
- ii. complies with Australian Accounting Standards; and
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Statutory Compliance

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

- i. There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- ii. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:
 - With the exception of roads and footpaths, other classes of infrastructure assets including bridges, drainage, parks and gardens have not been recorded at fair value as required by Regulation 17A of the Local Government (Financial Management) Regulations 1996.
- iii. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- iv. All necessary information and explanations were obtained by us.
- v. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



MARIA CAVALLO
Partner

Bunbury, Western Australia

Dated this 20th day of October 2015

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

RATIO INFORMATION

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

	2014/15	2013/14	2012/13
Asset Consumption Ratio	0.73	0.73	0.73
Asset Renewal Funding Ratio	0.91	0.96	0.65

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$

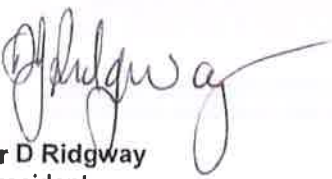
Asset Renewal Funding Ratio $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

Councillors' Declaration

In accordance with a resolution of the Councillors of the Shire of Beverley, we state that:

1. In the opinion of the Councillors:
 - 1.1 the financial statements and notes of the Shire of Beverley are in accordance with the Local Government Act 1995 and Regulations, including:
 - (a) giving a true and fair view of the Shire of Beverley's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (b) complying with applicable Australian Accounting Standards; and
 - 1.2 there are reasonable grounds to believe that the Shire of Beverley will be able to pay its debts as and when they become due and payable.

On behalf of the Council:


Cr D Ridgway
President


Cr K Murray
Deputy President

Dated this 27th day of October 2015