



**SHIRE OF YORK**

**ANNUAL FINANCIAL REPORT**

**2013-14**



**SHIRE OF YORK**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30th JUNE 2014**  
**LOCAL GOVERNMENT ACT 1995**  
**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**  
**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed as authorisation of issue on the 17th day of November 2014.

Graeme Simpson  
Acting Chief Executive Officer



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

2012/13 ACTUAL		NOTES	2013/14 BUDGET	2013/14 ACTUAL
\$	<b>EXPENSES EXCLUDING FINANCE COSTS</b>		\$	\$
(174,155)	General Purpose Funding		(239,556)	(147,028)
(828,073)	Governance		(2,683,675)	(1,133,014)
(446,219)	Law, Order, Public Safety		(592,362)	(491,649)
(260,780)	Health		(310,678)	(284,779)
(100,150)	Education and Welfare		(86,122)	(67,754)
(1,024,343)	Community Amenities		(1,297,043)	(1,053,300)
(2,161,414)	Recreation and Culture		(2,300,489)	(2,118,564)
(3,041,301)	Transport		(3,222,405)	(2,618,133)
(495,080)	Economic Services		(759,360)	(579,318)
(293,051)	Other Property and Services		(200,863)	(344,141)
(8,824,566)			(11,692,553)	(8,837,680)
	<b>REVENUE</b>			
5,382,343	General Purpose Funding		4,985,487	5,003,792
203,126	Governance		2,012,937	478,867
571,941	Law, Order, Public Safety		216,780	139,162
74,027	Health		100,800	62,585
65,410	Education and Welfare		631,787	39,249
685,052	Community Amenities		829,898	790,157
746,040	Recreation and Culture		3,094,481	490,201
1,306,815	Transport		2,846,291	903,987
142,959	Economic Services		224,803	163,998
76,899	Other Property & Services		98,490	97,952
9,254,612			15,041,754	8,169,950
	<b>FINANCE COSTS</b>			
(2,386)	Community Amenities		(1,880)	(1,622)
(128,271)	Recreation and Culture		(124,008)	(123,427)
(130,657)		6	(125,888)	(125,049)
	<b>ASSET DISPOSALS</b>			
(10,307)	Governance		24,000	6,727
(3,097)	Law, Order, Public Safety		0	0
(9,864)	Health		28,000	(4,050)
(8,593)	Community Amenities		8,000	974
(285)	Recreation and Culture		0	0
0	Transport		86,300	(38,176)
0	Economic Services		34,000	3,509
14,721	Other Property & Services		1,008,000	192,314
(17,425)		5	1,188,300	161,298
<b>281,964</b>	<b>NET RESULT</b>		<b>4,411,613</b>	<b>(631,481)</b>
	<b>Other Comprehensive Income</b>			
6,050,831	Changes on Revaluation of Non-Current Assets	7.31	0	21,357,135
6,050,831	Total Other Comprehensive Income		0	21,357,135
<b>6,332,795</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4,411,613</b>	<b>20,725,654</b>

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





**SHIRE OF YORK**  
**STATEMENT OF COMPREHENSIVE INCOME BY NATURE/TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2014**

2012/13 ACTUAL		NOTES	2013/14 BUDGET	2013/14 ACTUAL
<b>\$</b>	<b>REVENUE</b>		<b>\$</b>	<b>\$</b>
3,753,025	Rates		3,999,532	3,983,247
1,589,644	Operating Grants & Subsidies	32	2,814,192	1,252,106
710,843	Contributions		0	169,257
1,248,821	Fees and Charges		1,736,222	1,593,851
268,732	Interest Earnings		201,000	253,009
95,666	Other Revenue		201,019	95,268
<b>7,666,731</b>			<b>8,951,965</b>	<b>7,346,737</b>
	<b>EXPENSES</b>			
(2,832,982)	Employee Costs		(3,622,114)	(3,180,371)
(2,795,719)	Materials and Contracts		(5,596,375)	(2,876,699)
(2,454,547)	Depreciation on Non-Current Assets	18	(1,685,255)	(1,975,192)
(316,571)	Utility Charges (gas, electricity, water. etc)		(357,341)	(342,754)
(283,955)	Insurance Expenses		(295,435)	(292,367)
(130,656)	Interest Expenses		(125,889)	(125,049)
(147,732)	Other Expenditure		(136,033)	(170,297)
<b>(8,962,162)</b>			<b>(11,818,442)</b>	<b>(8,962,730)</b>
<b>(1,295,431)</b>			<b>(2,866,477)</b>	<b>(1,615,993)</b>
1,594,820	Non-Operating Grants, Subsidies and Contributions	32	6,089,789	823,213
19,779	Profit on Asset Disposals	5.1	1,188,300	209,346
(37,205)	Loss on Asset Disposals	5.1	0	(48,049)
<b>281,963</b>	<b>NET RESULT</b>		<b>4,411,612</b>	<b>(631,482)</b>
	<b>Other Comprehensive Income</b>			
6,050,831	Changes on Revaluation of Non-Current Assets	7.31	0	21,357,135
<b>6,050,832</b>	<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>21,357,136</b>
<b>6,332,795</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4,411,612</b>	<b>20,725,654</b>

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



**SHIRE OF YORK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Notes	Actual 2012/13 \$	Actual 2013/14 \$
<b>Current assets</b>			
Cash and cash equivalents	4	3,455,777	2,246,268
Trade and other receivables	27	1,463,404	1,302,915
Inventories	28	11,285	3,869
<b>Total current assets</b>		<b>4,930,466</b>	<b>3,553,051</b>
<b>Non-current assets</b>			
Trade and other receivables	27	57,662	53,949
Property, plant and equipment	5	7,396,691	12,088,932
Infrastructure	5	83,126,785	100,091,137
<b>Total non-current assets</b>		<b>90,581,138</b>	<b>112,234,018</b>
<b>Total assets</b>		<b>95,511,604</b>	<b>115,787,070</b>
<b>Current liabilities</b>			
Trade and other payables	29	726,394	356,998
Borrowings	6	99,845	105,730
Provisions	30	634,125	640,469
<b>Total current liabilities</b>		<b>1,460,364</b>	<b>1,103,197</b>
<b>Non-current liabilities</b>			
Borrowings	6	2,065,410	1,959,680
Provisions	30	20,178	32,889
<b>Total non-current liabilities</b>		<b>2,085,588</b>	<b>1,992,569</b>
<b>Total liabilities</b>		<b>3,545,952</b>	<b>3,095,766</b>
<b>Net assets</b>		<b>91,965,652</b>	<b>112,691,303</b>
<b>Equity</b>			
Retained surplus		31,657,898	30,785,281
Asset revaluation surplus	7.31	58,702,393	80,059,528
Reserves	7.30	1,605,361	1,846,494
<b>Total equity</b>		<b>91,965,652</b>	<b>112,691,303</b>

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



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

	NOTES	RETAINED SURPLUS	RESERVES	ASSET REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 30 June 2012</b>	7.31	31,676,961	1,304,333	52,651,562	85,632,856
Correction of Errors	35	(194,524)	0	0	(194,524)
Net Result		476,487	0	0	476,487
Correction of Errors	35	0	0	194,524	194,524
Total Other Comprehensive Income		0	0	5,856,308	5,856,308
Reserve Transfers		(301,028)	301,028	0	0
<b>Balance as at 30 June 2013</b>		<b>31,657,896</b>	<b>1,605,361</b>	<b>58,702,394</b>	<b>91,965,651</b>
Net Result		(631,482)	0	0	(631,482)
Total Other Comprehensive Income		0	0	21,357,135	21,357,135
Reserve Transfers		(241,133)	241,133	0	0
<b>Balance as at 30 June 2014</b>		<b>30,785,281</b>	<b>1,846,494</b>	<b>80,059,529</b>	<b>112,691,304</b>

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





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

2012/13 ACTUAL		NOTES	2013/14 BUDGET	2013/14 ACTUAL
\$			\$	\$
	<b>Cash Flows from Operating Activities</b>			
	<b>EXPENDITURE</b>			
(2,840,709)	Employee Costs		(3,600,082)	(3,126,923)
(3,141,471)	Materials & Contracts		(5,649,295)	(3,826,620)
(316,571)	Utilities		(357,341)	(342,754)
(283,955)	Insurance		(295,435)	(292,367)
(131,440)	Interest Expenses		(125,889)	(125,887)
(147,722)	Other Expenditure		(136,033)	(170,297)
<b>(6,861,868)</b>			<b>(10,164,075)</b>	<b>(7,884,849)</b>
	<b>REVENUE</b>			
3,659,846	Rates		3,999,532	3,937,346
1,589,644	Operating Grants and Subsidies		2,420,919	1,252,106
724,054	Contributions and Donations Reimbursements		393,273	374,208
1,504,813	Fees and Charges		1,767,753	1,593,851
268,732	Interest Received		201,000	253,009
250,875	GST		0	543,342
95,666	Other Revenue		201,019	100,403
<b>8,093,630</b>			<b>8,983,496</b>	<b>8,054,265</b>
<b>1,231,762</b>	<b>Net Cash flows from Operating Activities</b>	8.2	<b>(1,180,579)</b>	<b>169,417</b>
	<b>Cash flows from investing activities</b>			
	<b>Payments</b>			
(137,624)	Purchase Land and Buildings		(3,517,660)	(570,819)
(1,395,379)	Purchase Infrastructure Assets- Roads		(2,658,458)	(1,142,566)
(278,197)	Purchase Infrastructure Assets - Recreational Facilities		(433,645)	(31,540)
0	Purchase Infrastructure Assets - Other		(61,000)	(4,199)
(509,893)	Purchase Plant and Equipment		(1,177,227)	(790,736)
(64,474)	Purchase Furniture and Equipment		(129,600)	(76,934)
<b>(2,385,567)</b>			<b>(7,977,590)</b>	<b>(2,616,794)</b>
	<b>Receipts</b>			
0	Proceeds from Sale of Land	5.1	1,030,000	204,418
155,215	Proceeds from Sale of Plant and Equipment	5.1	551,500	299,022
1,594,820	Non-operating Grants & Subsidies		6,089,789	823,213
<b>1,750,035</b>			<b>7,671,289</b>	<b>1,326,653</b>
<b>(635,532)</b>	<b>Net cash flows from investing activities</b>		<b>(306,301)</b>	<b>(1,290,141)</b>
	<b>Cash flows from financing activities</b>			
(94,293)	Loan Repayments - Principal	6.3	(99,847)	(99,845)
10,313	Principal Repayments Received		11,060	11,060
<b>(83,980)</b>	<b>Net cash flows from financing activities</b>		<b>(88,787)</b>	<b>(88,785)</b>
<b>512,250</b>	<b>Net (decrease)/increase in cash held</b>		<b>(1,575,667)</b>	<b>(1,209,509)</b>
<b>2,943,525</b>	<b>Cash at the Beginning of Reporting Period</b>		<b>3,455,777</b>	<b>3,455,777</b>
<b>3,455,777</b>	<b>Cash at the End of Reporting Period</b>	8.1	<b>1,880,110</b>	<b>2,246,268</b>

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





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

2012/13 ACTUAL		NOTES	2013/14 BUDGET	2013/14 ACTUAL
<b>\$</b>	<b>REVENUE</b>		<b>\$</b>	<b>\$</b>
1,629,318	General Purpose Funding		985,955	1,020,546
203,126	Governance		2,012,937	478,867
571,941	Law, Order Public Safety		216,780	139,162
74,027	Health		100,800	62,585
65,410	Education and Welfare		631,787	39,249
685,052	Community Amenities		829,898	790,157
746,040	Recreation and Culture		3,094,481	490,201
1,306,815	Transport		2,846,291	903,987
142,959	Economic Services		224,803	163,998
76,899	Other Property and Services		98,490	97,952
<b>5,501,587</b>			<b>11,042,222</b>	<b>4,186,704</b>
	<b>EXPENSES</b>			
(174,155)	General Purpose Funding		(239,556)	(147,028)
(828,073)	Governance		(2,683,675)	(1,133,014)
(446,219)	Law, Order, Public Safety		(592,362)	(491,649)
(260,780)	Health		(310,678)	(284,779)
(100,150)	Education and Welfare		(86,122)	(67,754)
(1,026,729)	Community Amenities		(1,298,923)	(1,054,922)
(2,289,685)	Recreation and Culture		(2,424,497)	(2,241,991)
(3,041,301)	Transport		(3,222,405)	(2,618,133)
(495,080)	Economic Services		(759,360)	(579,319)
(293,050)	Other Property & Services		(200,863)	(344,140)
<b>(8,955,222)</b>			<b>(11,818,441)</b>	<b>(8,962,729)</b>
<b>(3,259,112)</b>	<i>Net Operating Result Excluding Rates</i>		<b>(776,219)</b>	<b>(4,776,025)</b>
	<b>Adjustments for Cash Budget Requirements</b>			
10,313	Principal Repayment Received - Loans		11,060	11,060
(17,426)	(Profit)/Loss on the disposal of assets		1,188,300	161,298
81,639	Increase/(Decrease) in LSL - Cash at Bank		0	361,367
(7,774)	Increase/(Decrease) in Accrued Leave Provisions		0	12,712
2,400	(Increase)/Decrease in Non-Current Debtors		0	(8,147)
2,454,547	Depreciation Written Back		1,685,255	1,975,192
172,640	Book Value of Assets Sold/Written Back		393,200	342,142
<b>2,501,817</b>			<b>3,277,815</b>	<b>2,855,624</b>
<b>(757,295)</b>	<i>Sub Total</i>		<b>2,501,596</b>	<b>(1,920,401)</b>
	<b>LESS CAPITAL EXPENDITURE AND REVENUE</b>			
(137,624)	Purchase Land & Buildings		(3,517,660)	(570,819)
(1,395,379)	Infrastructure Assets - Roads		(2,658,458)	(1,142,566)
(278,197)	Infrastructure Assets - Recreation Facilities		(433,645)	(31,540)
0	Infrastructure Assets - Other		(61,000)	(4,199)
(509,893)	Purchase Plant and Equipment		(1,177,227)	(790,736)
(64,474)	Purchase Furniture and Equipment		(129,600)	(76,933)
(94,293)	Repayment of Debt - Loan Principal	6.3	(99,847)	(99,845)
(409,773)	Transfer to Reserves (Restricted Assets)		(1,705,480)	(909,634)
108,745	Transfer from Reserves (Restricted Assets)		1,054,563	668,501
<b>(2,780,887)</b>			<b>(8,728,354)</b>	<b>(2,957,771)</b>
<b>(3,538,183)</b>	<i>Sub Total</i>		<b>(6,226,758)</b>	<b>(4,878,172)</b>
2,017,785	ADD: Opening Funds Surplus/(Deficit)		2,227,226	2,232,626
(2,232,626)	LESS: Closing Funds (Surplus)/Deficit		0	(1,337,699)
<b>(3,753,025)</b>	<b>Amount Required to be Raised from Rates</b>	10	<b>(3,999,532)</b>	<b>(3,983,246)</b>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

**1.2 The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 9 to these financial statements.

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

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

**1.4 Cash and Cash Equivalents**

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

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

**1.5 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.

**1.6 Inventories**

**1.6.1 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.

**1.6.2 Land Held for Sale**

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

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

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





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

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

**1.7 Fixed Assets**

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

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

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

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

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

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

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

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

**1.7.2 Land Under Control**

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

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

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

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





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

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

**1.7 Fixed Assets (Continued)**

**1.7.3 Initial Recognition and Measurement between Mandatory Revaluation Dates**

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

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

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

**1.7.4 Revaluation**

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

**1.7.5 Transitional Arrangements**

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

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

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

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

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

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



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

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

**1.7 Fixed Assets (Continued)**

***1.7.7 Land Under Roads***

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

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

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

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

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



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

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

**1.7 Fixed Assets (Continued)**

**1.7.8 Depreciation**

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or

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

Buildings	40 years
Furniture and Equipment	8 years
Plant and Equipment	8 years
<u>Infrastructure</u>	
Sealed Roads, Streets and Carparks	Condition Rated Annually
Unsealed Roads	Condition Rated Annually
Bridges, Drainage	1.3%
Concrete Footpaths, Cycleways, Walkways and Skate Park	50 Years
Brick Footpaths	25 Years
Effluent Systems	20 Years
Sewerage Parks	75 – 80 Years
Water Pipes and Hydrants	20 Years
Bus Shelters	20 Years
Parks Furniture and Equipment	5 – 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 in the period in which they arise.

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

**1.7.9 Capitalisation Threshold**

For reasons of practicality, the following thresholds have been applied, below which any expenditure on assets need not be capitalised:

**Land**

Expenses totalling less than \$1,000 on any one item in any year need not be capitalised.

**Buildings**

Expenses totalling less than \$1,000 on any one item in any year need not be capitalised.

**Furniture and Equipment**

Expenses totalling less than \$1,000 on any one item in any year need not be capitalised.

**Plant and Equipment**

Expenses totalling less than \$1,000 on any one item in any year need not be capitalised.



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

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

**1.8 Fair Value of Assets and Liabilities**

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

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

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

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

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

**1.8.1 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.

**1.8.2 Valuation techniques**

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

**1.8.3 Market approach**

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





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

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

**1.8 Fair Value of Assets and Liabilities (Continued)**

**1.8.4 Income approach**

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

**1.8.5 Cost approach**

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

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

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

**1.9 Financial Instruments**

**1.9.1 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.

**1.9.2 Classification and Subsequent Measurement**

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

Amortised cost is calculated as:

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

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



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

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

**1.9 Financial Instruments (Continued)**

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

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

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

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

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

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

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

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

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

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

*(v) Financial liabilities*

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



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

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

**1.9 Financial Instruments (Continued)**

**1.9.3 Impairment**

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

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

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

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

**1.9.4 Derecognition**

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

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

**1.10 Impairment of Assets**

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

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

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

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

**1.11 Trade and Other Payables**

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





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

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

**1.12 Employee Benefits**

**1.12.1 Short-Term Employee Benefits**

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

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

**1.12.2 Other Long-Term Employee Benefits**

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

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

**1.13 Borrowing Costs**

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





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

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

**1.14 Provisions**

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

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

**1.15 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.

**1.16 Investment in Associates**

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

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

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

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



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

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

**1.17 Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 21.

**1.18 Rates, Grants, Donations and Other Contributions**

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 4.2. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**1.19 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.

**1.20 Current and Non-Current Classification**

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

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

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

**1.22 Comparative Figures**

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

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

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

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

**1.24 New Accounting Standards and Interpretations for Application in Future Periods**

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

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable <sup>(1)</sup></b>	<b>Impact</b>
(i) AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2017	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.



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

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

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

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

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.



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

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

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

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

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.





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

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

**1.25 Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

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

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



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

**2. REVENUES AND EXPENSES**

The Operating Revenue and Expenses as reported in the Financial Report includes:

Actual 2012/13		Actual 2013/14
\$		\$
	<b>Charging as Expenses</b>	
194,523	Impairment of Assets	0
2,260,024	Depreciation on Non-Current Assets	1,975,192
<u>2,454,547</u>		<u>1,975,192</u>
4500	Acquittal Audits	6500
9117	Interim and Annual Audits	21060
<u>13,617</u>	<b>Auditors Remuneration</b>	<u>27,560</u>
	<b>Crediting as Revenue</b>	
	<b>Profit (Loss) on Sale of Non-Current Assets</b>	
0	Land	194,338
(14,359)	Plant and Equipment	(33,040)
(3,066)	Furniture and Equipment	0
<u>(17,425)</u>		<u>161,298</u>

**3. DESCRIPTION OF FUNCTIONS/ACTIVITIES**

**Description of Programs**

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

**GOVERNANCE**

Members expenses and the costs associated with meetings of Council, policy determination and public ceremonies and presentations and administration allocations.

**LAW, ORDER AND PUBLIC SAFETY**

Supervision of local laws, fire prevention including the provision of volunteer fire brigades, animal control and the support of local emergency and public safety organisations.

**HEALTH**

Food quality control, immunisation, environmental health and support to the medical practice and practitioners.

**EDUCATION & WELFARE**

Building maintenance of Pioneer Memorial Lodge (leased Aged Care facility) and Centennial Units which are a joint venture with Homeswest providing self contained units to over 55's. Support to youth based initiatives.

**HOUSING**

Maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

Rubbish collection services, management of waste facilities, noise control, administration of the Town Planning Scheme, maintenance of cemeteries and storm water drainage maintenance.

**RECREATION AND CULTURE**

Maintenance of halls, aquatic centre, recreation centre and various reserves. Operation of the library and support to and maintenance of the Residency Museum.

**TRANSPORT**

Construction and maintenance of roads, bridges, footpaths, drainage works, lighting and cleaning of streets and depot maintenance.

**ECONOMIC SERVICES**

Area promotion, support to tourism, building control, the community bus, the Community Resource Centre and standpipes.

**OTHER PROPERTY AND SERVICES**

Private works carried out by Council, public works overhead allocations, plant operation cost allocations and stock.



4.1 Actual 2012/13

	\$		\$
Cash on Hand	2,550		3,800
Cash at Bank	496,318		395,974
Investments	2,956,909		1,846,494
<b>Total Cash</b>	<b>3,455,777</b>		<b>2,246,268</b>
<b>Represented by:-</b>			
Restricted Cash*	2,776,075		2,062,076
Unrestricted Cash	679,702		184,192
	<b>3,455,777</b>		<b>2,246,268</b>

Contributions and Grants recognised as revenues during the financial year which had not yet been fully expended in the manner specified by the contributor:

	Opening Bal 1-Jul-13	Received 2013/14	Expended 2013/14	Closing Bal 30-Jun-14
WWALGGC General Purpose Grant Advance Payments	383,635		(383,635)	0
WWALGGC Roads Grant Advance Payments	316,921		(316,921)	0
DLG Long Term Financial Plan Funding	74,615		(74,615)	0
DLG / Member Local Government Connecting Local Governments Funding	71,736	50	(11,557)	60,229
DLG Workforce Plan Funding	37,028	6,304	(25,146)	18,186
DLG Regional Cat Pound	149,210		(134,199)	15,011
DLG Cat Sterilisation Program	0	15,000	(1,464)	13,536
RRG (Unspent York - Tammin Road Cfwd)	18,709		(18,709)	0
RRG Spencers-Brook Road	0	78,447	(28,264)	50,183
WWALGGC Talbot West Bridge	-	60,000	(14,681)	45,319
MMRWA Bridge Grant (Warding \$72,000 and York /Tammin \$22,000)	94,000		(94,000)	0
Wheatbelt Development Commission - Business Case Grant Funds	24,860		(11,742)	13,118
	<b>1,170,714</b>	<b>159,801</b>	<b>(1,114,933)</b>	<b>215,582</b>





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

**5. FIXED ASSETS**

**5.1 Disposal of Asset by Class**

In accordance with Financial Management Regulation 36(1)(e), the following information is provided in relation to the disposal of Assets by Asset Class:

Asset by Class	Proceeds Sale of Assets		Written Down Value		Gain(Loss) on Disposal	
	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
Plant and Equipment	551,500	299,022	393,200	332,062	158,300	(33,040)
Land and Buildings	1,030,000	204,418	-	10,080	1,030,000	194,338
<b>TOTAL BY CLASS OF ASSETS</b>	<b>1,581,500</b>	<b>503,440</b>	<b>393,200</b>	<b>342,142</b>	<b>1,188,300</b>	<b>161,298</b>

**5.2 Disposal of Assets by Program**

	Proceeds Sale of Assets		Written Down Value		Gain(Loss) on Disposal	
	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	Budget	Actual	Budget	Actual	Budget	Actual
	\$	\$	\$	\$	\$	\$
Governance	120,000	76,386	96,000	69,659	24,000	6,727
Law, Order & Public Safety	0	0	0	0	0	0
Health	60,000	34,273	32,000	38,323	28,000	(4,050)
Education & Welfare	0	0	0	0	0	0
Housing	0	0	0	0	0	0
Community Amenities	40,000	18,636	32,000	17,662	8,000	974
Recreation & Culture	0	0	0	0	0	0
Transport	271,500	137,227	185,200	175,404	86,300	(38,177)
Economic Services	50,000	20,000	16,000	16,491	34,000	3,509
Other Property & Services	1,040,000	216,918	32,000	24,603	1,008,000	192,315
<b>TOTAL BY PROGRAM</b>	<b>1,581,500</b>	<b>503,440</b>	<b>393,200</b>	<b>342,142</b>	<b>1,188,300</b>	<b>161,298</b>

**5.3 Fixed Assets according to Class**

Actual 2012/13			Actual 2013/14	
\$	\$		\$	\$
774,041	774,041	<b>Property, Plant &amp; Equipment</b>	819,987	819,987
		Land (at cost)		
6,634,174		Buildings (at cost)	11,524,684	
(2,167,573)	4,466,601	Less Accumulated Depreciation	(2,609,425)	8,915,259
919,127		Furniture and Fittings (at management valuation)	996,060	
(617,387)	301,740	Less Accumulated Depreciation	(680,780)	315,280
2,332,921		Plant and Equipment (at management valuation)	2,768,811	
(478,612)	1,854,309	Less Accumulated Depreciation	(730,406)	2,038,405
	<b>7,396,691</b>	<b>Total Property, Plant &amp; Equipment</b>		<b>12,088,931</b>
		<b>Infrastructure Assets</b>		
91,746,872		Roads (at independent valuation 2014)	97,895,797	
(18,718,179)	73,028,693	Less Accumulated Depreciation	(16,256,780)	81,639,017
617,989		Drainage (at management valuation)	617,989	
(89,569)	528,420	Less Accumulated Depreciation	(97,197)	520,792
825,988		Parks/Reserves (at management valuation)	825,988	
(517,825)	308,163	Less Accumulated Depreciation	(541,573)	284,415
2,499,290		Bridges (at independent valuation 2014)	31,782,000	
(203,814)	2,295,476	Less Accumulated Depreciation	(17,820,500)	13,961,500
592,672		Footpaths (at independent valuation 2014)	2,027,982	
(78,064)	514,608	Less Accumulated Depreciation	(787,806)	1,240,176
7,028,982		Other Structures (at independent/management valuation)	2,980,313	
(577,557)	6,451,425	Less Accumulated Depreciation	(535,075)	2,445,238
	<b>83,126,785</b>	<b>Total Infrastructure</b>		<b>100,091,138</b>



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

**5.4 Movements in Carrying Amounts**

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

Property, Plant & Equipment	Land	Buildings	Furniture and Equipment	Plant and Equipment	Total
	Level 2 \$	Level 2 \$	Level 3 \$	Level 3 \$	
Asset Balance at the beginning of the year	774,041	6,634,174	919,127	2,332,921	10,660,263
Transfer Between Asset Classes during the year	0	4,361,187	0	0	4,361,187
Assets Acquired during the year	45,946	545,811	76,933	790,735	1,459,425
Assets Disposed during the year	0	(16,488)	0	(354,845)	(371,333)
Asset Balance at the end of the year	<b>819,987</b>	<b>11,524,684</b>	<b>996,060</b>	<b>2,768,811</b>	<b>16,109,542</b>
Depreciation at the beginning of the year	0	(2,167,573)	(617,387)	(478,611)	(3,263,571)
Depreciation Expense Raised	0	(217,378)	(63,393)	(274,578)	(555,349)
Depreciation Expense Written Back on Disposals	0	6,408	0	22,783	29,191
Transfer Between Asset Classes during the year	0	(230,882)	0	0	(230,882)
Depreciation at the End of Year	<b>0</b>	<b>(2,609,425)</b>	<b>(680,780)</b>	<b>(730,406)</b>	<b>(4,020,611)</b>
Net Asset Values at the end of year	<b>819,987</b>	<b>8,915,259</b>	<b>315,280</b>	<b>2,038,405</b>	<b>12,088,931</b>



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

**5.4 Movements in Carrying Amounts**

Infrastructure	Drainage \$	Parks/Reserves \$	Bridges \$	Footpaths \$	Other Items \$	Roads \$	Total \$
Asset Balance at the beginning of the year	617,989	825,988	2,499,290	592,672	7,028,982	91,746,873	103,311,793
Transfer Between Asset Classes during the year	0	0	0	0	(4,361,187)	0	(4,361,187)
Assets Acquired during the year	0	0	231,434	10,433	4,199	911,300	1,157,365
Revaluation Increments/(Decrements)	0	0	29,051,276	1,424,877	308,319	5,237,625	36,022,097
Asset Balance at the end of the year	<b>617,989</b>	<b>825,988</b>	<b>31,782,000</b>	<b>2,027,982</b>	<b>2,980,313</b>	<b>97,895,797</b>	<b>136,130,068</b>
Depreciation at the beginning of the year	(89,569)	(517,825)	(203,814)	(78,064)	(346,675)	(18,718,180)	(19,954,125)
Depreciation Expense Raised	(7,628)	(23,749)	(33,523)	(12,528)	(188,400)	(1,154,015)	(1,419,842)
Revaluation Increments/(Decrements)	0	0	(17,583,164)	(697,214)	0	3,615,415	(14,664,963)
Depreciation at the End of Year	<b>(97,197)</b>	<b>(541,573)</b>	<b>(17,820,500)</b>	<b>(787,806)</b>	<b>(535,075)</b>	<b>(16,256,780)</b>	<b>(36,038,931)</b>
Net Asset Values at the end of year	<b>520,792</b>	<b>284,414</b>	<b>13,961,500</b>	<b>1,240,176</b>	<b>2,445,238</b>	<b>81,639,017</b>	<b>100,091,138</b>





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

**6. BORROWINGS INFORMATION**

**6.1 Loan Borrowings**

Actual 2012/2013 \$		Actual 2013/2014 \$
	<b>Current Borrowings</b>	
99,845	Loan Debentures	105,730
<b>99,845</b>	<b>BALANCE AS AT 30TH JUNE</b>	<b>105,730</b>
	<b>Non Current Borrowings</b>	
2,065,410	Loan Debentures	1,959,680
<b>2,065,410</b>	<b>BALANCE AS AT 30TH JUNE</b>	<b>1,959,680</b>
<b>2,165,255</b>	<b>TOTAL BORROWINGS AS AT 30TH JUNE</b>	<b>2,065,410</b>

**6.2 Loans Raised during the Financial Year**

No new loans were raised during the 2013/2014 Financial Year

**6.3 Loan Repayments**

Council's Loan Liability is summarised as:

Program	Principal 30/06/2013 \$	Loans Raised 2013/14 \$	Interest		Loan Repayment		Principal 30/06/2014 \$
			Budget 2013/14 \$	Actual 2013/14 \$	Budget 2013/14 \$	Actual 2013/14 \$	
<b>Community Amenities</b>							
(*) Water Supply - Loan 60	29,168	0	1,880	1,622	11,060	11,060	18,108
<b>Recreation &amp; Culture</b>							
Archive Facility - Loan 65	104,806	0	5,001	4,963	9,853	9,852	94,954
Forrest Oval - Loan 62	1,258,993	0	79,525	79,283	39,221	39,220	1,219,773
Forrest Oval - Loan 63	301,691	0	15,424	15,309	15,514	15,514	286,177
Forrest Oval - Loan 64	470,597	0	24,059	23,873	24,199	24,199	446,398
<b>PLUS Change in Net Accrual</b>				837			
<b>TOTAL</b>	<b>2,165,255</b>	<b>0</b>	<b>125,889</b>	<b>125,887</b>	<b>99,847</b>	<b>99,845</b>	<b>2,065,410</b>
Loan Repayments to be financed by Council			124,009	124,265	88,787	88,785	
Loan Repayments reimbursed from external sources			1,880	1,622	11,060	11,060	
<b>TOTAL</b>			<b>125,889</b>	<b>125,887</b>	<b>99,847</b>	<b>99,845</b>	

(\*) Self Supporting Loan financed by payments from third parties.

All other loan repayments were financed by general purpose income.

Council does not hold any unspent loan funds as detailed in Financial Management Regulation 48.



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

**7. RESERVES**

The transactions of the Reserve Funds are summarised as follows:

Actual 2012/13 \$		Budget 2013/14 \$	Actual 2013/14 \$
<b>7.1 Plant Replacement Reserve (Cash Backed)</b>			
Purpose - Acquisition of plant and major capital repairs for plant			
128,411	Balance brought forward 1st July	338,002	338,002
	Plus Transfer from Accumulated Surplus		
6,657	- Interest Received	13,196	13,633
261,072	- Other	270,007	245,249
	Less Transfer To Accumulated Surplus		
(58,138)	- Other Plant Purchases	(453,000)	(477,144)
<u>338,002</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>168,205</u>	<u>119,740</u>
<b>7.2 Avon River Reserve (Cash Backed)</b>			
Purpose - Maintain and protect Avon River and its environs			
21,876	Balance brought forward 1st July	23,009	23,009
	Plus Transfer from Accumulated Surplus		
1,133	- Interest Received	898	928
	Less Transfer To Accumulated Surplus		
0	- Other swing bridge entrance	(23,340)	(10,600)
<u>23,009</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>567</u>	<u>13,337</u>
<b>7.3 Recreation Complex Reserve (Cash backed)</b>			
Purposes - Provide for multi-purpose community centre and ongoing development of recreation facilities			
596	Balance brought forward 1st July	2,916	2916
	Plus Transfer from Accumulated Surplus		
31	- Interest Received	114	118
2,289	- Other YRCC membership fees	14,000	1,186
0	- Other land sales proceeds	500,000	0
	Less Transfer To Accumulated Surplus		
0	- Other function centre IT and kitchen utensils	(35,000)	0
0	- Other outdoor gym equipment	(5,000)	0
<u>2,916</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>477,030</u>	<u>4,220</u>
<b>7.4 Town Planning Reserve (Cash backed)</b>			
Purpose - Develop and review York Town Planning Schemes and amendments			
14,159	Balance brought forward 1st July	14,892	14,892
	Plus Transfer from Accumulated Surplus		
733	- Interest Received	581	601
	Less Transfer To Accumulated Surplus		
<u>14,892</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>15,473</u>	<u>15,493</u>
<b>7.5 Refuse Site Development Reserve (Cash Backed)</b>			
Purpose - Ongoing maintenance and development of Council's waste management facilities			
181,091	Balance brought forward 1st July	185,524	185,524
	Plus Transfer from Accumulated Surplus		
9,377	- Interest Received	9,000	7,483
0	- Other	7,243	0
	Less Transfer To Accumulated Surplus		
0	- Other - Operating Loss	0	(20,214)
(4,944)	- Other - Fencing to transfer station	(27,118)	0
<u>185,524</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>174,649</u>	<u>172,793</u>
<b>7.6 Industrial Land Reserve (Cash backed)</b>			
Purpose - Development and expansion of an industrial subdivision within the Shire			
105,882	Balance brought forward 1st July	111,364	111,364
	Plus Transfer from Accumulated Surplus		
5,482	- Interest Received	4,348	4,492
	Less Transfer To Accumulated Surplus		
<u>111,364</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>115,712</u>	<u>115,856</u>



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

**7. RESERVES**

The transactions of the Reserve Funds are summarised as follows:

	Actual 2012/13 \$		Budget 2013/14 \$		Actual 2013/14 \$
<b>7.7 Residency Museum Reserve (Cash Backed)</b>					
Purpose - Fund capital expenditure and maintenance of the historical museum					
10,313 Balance brought forward 1st July		10,847		10,847	
534 Plus Transfer from Accumulated Surplus					
- Interest Received		423		437	
Less Transfer To Accumulated Surplus					
<b>10,847 BALANCE AS AT 30th JUNE</b>		<b>11,270</b>		<b>11,284</b>	
<b>7.8 Pioneer Memorial Lodge Reserve (Cash Backed)</b>					
Purpose - Finance capital improvements and extensions to seniors village (from operational surpluses of the Lodge)					
133,207 Balance brought forward 1st July		117,800		117,800	
6,897 Plus Transfer from Accumulated Surplus					
- Interest Received		4,599		4,751	
Less Transfer To Accumulated Surplus					
(21,704) - Other - Storm water sump pit		0		0	
(600) - Other - Sewer Connection and operating loss		0		0	
<b>117,800 BALANCE AS AT 30th JUNE</b>		<b>122,399</b>		<b>122,551</b>	
<b>7.9 Public Open Space Reserve (Cash Backed)</b>					
Purpose - Expansion and development of passive recreation areas within the Shire					
360 Balance brought forward 1st July		378		378	
19 Plus Transfer from Accumulated Surplus					
- Interest Received		15		15	
Less Transfer To Accumulated Surplus					
<b>379 BALANCE AS AT 30th JUNE</b>		<b>393</b>		<b>393</b>	
<b>7.10 Community Bus Reserve (Cash Backed)</b>					
Purpose - Finance the changeover of the Community Bus (funded from operational surpluses of the Community Bus)					
55,278 Balance brought forward 1st July		62,298		62,298	
2,862 Plus Transfer from Accumulated Surplus					
4,158 - Interest Received		2,432		2,513	
- Other		1,300		4,230	
Less Transfer To Accumulated Surplus					
0 - Other		(50,000)		0	
<b>62,298 BALANCE AS AT 30th JUNE</b>		<b>16,030</b>		<b>69,041</b>	
<b>7.11 Centennial Gardens Reserve (Cash Backed)</b>					
Purpose - Further expansion and capital repairs of the existing units					
103,423 Balance brought forward 1st July		100,814		100,814	
5,355 Plus Transfer from Accumulated Surplus					
1,976 - Interest Received		3,936		4,066	
- Other		5,000		13,003	
Less Transfer To Accumulated Surplus					
(9,940) - Other - operating loss		(11,000)		0	
<b>100,814 BALANCE AS AT 30th JUNE</b>		<b>98,750</b>		<b>117,883</b>	
<b>7.12 Car Parking Reserve (Cash Backed)</b>					
Purpose - The Management and control of parking facilities in accordance with Council's Parking Plan					
14,714 Balance brought forward 1st July		15,476		15,476	
762 Plus Transfer from Accumulated Surplus					
0 - Interest Received		604		624	
- Other		218,580		0	
Less Transfer To Accumulated Surplus					
0 - Other		(50,000)		0	
<b>15,476 BALANCE AS AT 30th JUNE</b>		<b>184,660</b>		<b>16,100</b>	
<b>7.13 Archives Reserve (Cash Backed)</b>					
Purpose - To provide a secure building for the safe storage of Council's archival records					
18,216 Balance brought forward 1st July		19,159		19,159	
943 Plus Transfer from Accumulated Surplus					
- Interest Received		748		773	
Less Transfer To Accumulated Surplus					
0 - Other compactus and safe		(10,000)		0	
<b>19,159 BALANCE AS AT 30th JUNE</b>		<b>9,907</b>		<b>19,932</b>	



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

**7. RESERVES**

The transactions of the Reserve Funds are summarised as follows:

	Actual 2012/13 \$		Budget 2013/14 \$	Actual 2013/14 \$
<b>7.14 Disaster Reserve (Cash Backed)</b>				
Purpose - To help fund recover from a natural disaster				
27,390	Balance brought forward 1st July	28,808		28,808
1,418	Plus Transfer from Accumulated Surplus			
	- Interest Received	1,124		1,162
	Less Transfer To Accumulated Surplus			
<u>28,808</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>29,932</u>		<u>29,970</u>
<b>7.15 Water Supply Reserve (Cash Backed)</b>				
Purpose - To hold funds raised through water supply charge until loan repayment is due				
6,778	Balance brought forward 1st July	6,778		6,778
<u>6,778</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>6,778</u>		<u>6,778</u>
<b>7.16 Tied Grant Funding Reserve (Cash Backed)</b>				
Purpose - To segregate grant funds provided for specific projects until those projects are carried out				
72,064	Balance brought forward 1st July	61,689		61,689
	Less Transfer To Accumulated Surplus			
(4,375)	- Other SEAVROC	(11,374)		0
(6,000)	- Other Regional Waste Management Strategy	0		0
0	- Other You're Welcome	(11,866)		(264)
0	- Other YAC leadership program	(1,500)		0
0	- Other Mannavale, Qualan, West and Spencers Brook Bridges	(30,830)		0
<u>61,689</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>6,119</u>		<u>61,425</u>
<b>7.17 Staff Leave Reserve (Cash Backed)</b>				
Purpose - To fund annual and long service leave requirements				
197,463	Balance brought forward 1st July	279,102		279,102
	Plus Transfer from Accumulated Surplus			
10,225	- Interest Received	10,896		11,257
71,414	- Other	63,993		350,110
	Less Transfer To Accumulated Surplus			
<u>279,102</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>353,991</u>		<u>640,469</u>
<b>7.18 Main St (Town Precinct) Upgrade Reserve (Cash Backed)</b>				
Purpose - To provide funds for the upgrade of Main Street and development of a town precinct				
42,019	Balance brought forward 1st July	44,194		44,194
	Plus Transfer from Accumulated Surplus			
2,176	- Interest Received	1,725		1,783
	Less Transfer To Accumulated Surplus			
0	- Other	(44,000)		0
<u>44,195</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>1,919</u>		<u>45,977</u>
<b>7.19 Buildings Reserve (Cash Backed)</b>				
Purpose - To provide for the construction and major capital improvements to all Council buildings				
3,010	Balance brought forward 1st July	975		975
	Plus Transfer from Accumulated Surplus			
156	- Interest Received	38		40
	Less Transfer To Accumulated Surplus			
(2,191)	- Other Town Hall Plans	0		0
<u>975</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>1,013</u>		<u>1,015</u>
<b>7.20 Strategic Planning Reserve (Cash Backed)</b>				
Purpose - To provide for the preparation, ongoing replacement, amendment & printing costs associated with the Strategic Plan				
13,343	Balance brought forward 1st July	14,034		14,034
	Plus Transfer from Accumulated Surplus			
691	- Interest Received	548		566
	Less Transfer To Accumulated Surplus			
0	- Other	0		(7,244)
<u>14,034</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>14,582</u>		<u>7,356</u>





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

**7. RESERVES**

The transactions of the Reserve Funds are summarised as follows:

	Actual 2012/13 \$		Budget 2013/14 \$		Actual 2013/14 \$
<b>7.21 Cemetery Reserve (Cash Backed)</b>					
Purpose - To provide for ongoing development of the York Cemetery or development of a new cemetery site					
22,172 Balance brought forward 1st July		23,320		23,320	
Plus Transfer from Accumulated Surplus					
1,148 - Interest Received		910		941	
Less Transfer To Accumulated Surplus					
0 - Other Cemetery Upgrades		(21,800)		0	
<b>23,320</b>		<b>2,430</b>		<b>24,261</b>	
<b>7.22 York Town Hall Reserve (Cash Backed)</b>					
Purpose - To provide for the ongoing development of York Town Hall recognising its significant heritage value to residents					
26,617 Balance brought forward 1st July		27,995		27,995	
Plus Transfer from Accumulated Surplus					
1,378 - Interest Received		1,093		1,129	
Less Transfer To Accumulated Surplus					
- Other Town Hall Lift Awning		(10,000)		(10,000)	
<b>27,995</b>		<b>19,088</b>		<b>19,124</b>	
<b>7.23 Youth Capital Works Reserve (Cash Backed)</b>					
Purpose - To provide for youth related infrastructure					
812 Balance brought forward 1st July		0		0	
Plus Transfer from Accumulated Surplus					
42 - Interest Received		0		0	
Less Transfer To Accumulated Surplus					
(854) - Other		0		0	
<b>0</b>		<b>0</b>		<b>0</b>	
<b>7.24 Roads Reserve (Cash Backed)</b>					
Purpose - To provide for future road resealing requirements					
68,454 Balance brought forward 1st July		71,999		71,999	
Plus Transfer from Accumulated Surplus					
3,544 - Interest Received		2,811		2,904	
Less Transfer To Accumulated Surplus					
<b>71,998</b>		<b>74,810</b>		<b>74,903</b>	
<b>7.25 Land &amp; Infrastructure Development Reserve (Cash Backed)</b>					
Purpose - To provide for the purchase of land and/or buildings or the construction of buildings					
627 Balance brought forward 1st July		660		660	
Plus Transfer from Accumulated Surplus					
33 - Interest Received		26		27	
0 - Other Muni Contribution		25,000		25,000	
0 - Other land sales		530,000		204,418	
Less Transfer To Accumulated Surplus					
0 - Admin Air Conditioning Units		(132,235)		(132,235)	
0 - Admin Solar Panels		(8,000)		(7,264)	
0 - Admin Air Conditioning Enclosure		(15,000)		(3,537)	
0 - Relocate Talbot Fire Shed		(20,000)		0	
0 - Cemetery Infrastructure		(30,000)		0	
0 - Purchase Easement Lot 51		(25,000)		0	
0 - Car Park Upgrade		(6,000)		0	
<b>660</b>		<b>319,451</b>		<b>87,069</b>	
<b>7.26 Greenhills Townsite Development Reserve (Cash Backed)</b>					
Purpose - To provide for the enhancement of the amenity and economic potential of the townsite in consultation with the Greenhills Progress Association					
24,891 Balance brought forward 1st July		26,180		26,180	
Plus Transfer from Accumulated Surplus					
1,289 - Interest Received		1,022		1,056	
Less Transfer To Accumulated Surplus					
0 - Other		(22,500)		0	
<b>26,180</b>		<b>4,702</b>		<b>27,236</b>	



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

**7. RESERVES**

The transactions of the Reserve Funds are summarised as follows:

	Actual 2012/13 \$		Budget 2013/14 \$		Actual 2013/14 \$
<b>7.27 RSL Memorial Reserve (Cash Backed)</b>					
Purpose - To provide for the upgrading of the RSL memorial					
10,833 Balance brought forward 1st July		11,394		11,393	
561 Plus Transfer from Accumulated Surplus					
- Interest Received		445		460	
Less Transfer To Accumulated Surplus					
<b>11,394 BALANCE AS AT 30th JUNE</b>		<b>11,839</b>		<b>11,853</b>	
<b>7.28 Forrest Oval Bowling Greens Reserve (Cash Backed)</b>					
Purpose - to provide for the replacement of bowling rink synthetic surfaces					
0 Balance brought forward 1st July		4,003		4,002	
Plus Transfer from Accumulated Surplus					
0 - Interest Received		156		161	
4,003 - Other		4,270		3,234	
Less Transfer To Accumulated Surplus					
<b>4,003 BALANCE AS AT 30th JUNE</b>		<b>8,429</b>		<b>7,397</b>	
<b>7.29 Forrest Oval Tennis Greens Reserve (Cash Backed)</b>					
Purpose - to provide for the future of tennis synthetic surface					
0 Balance brought forward 1st July		477		476	
Plus Transfer from Accumulated Surplus					
0 - Interest Received		19		20	
477 - Other		2,230		544	
Less Transfer To Accumulated Surplus					
<b>477 BALANCE AS AT 30th JUNE</b>		<b>2,726</b>		<b>1,040</b>	
<b>7.30 Forrest Oval Lights Reserve (Cash Backed)</b>					
Purpose - to provide for the replacement and upgrading of the Oval Lights					
333 Balance brought forward 1st July		1,274		1,274	
Plus Transfer from Accumulated Surplus					
17 - Interest Received		50		51	
924 - Other		2,000		673	
Less Transfer To Accumulated Surplus					
<b>1,274 BALANCE AS AT 30th JUNE</b>		<b>3,324</b>		<b>1,998</b>	
<b>1,605,361 TOTAL RESERVES - CASH BACKED</b>		<b>2,256,178</b>		<b>1,846,494</b>	
<b>7.30 Cash Backed Reserve Summary</b>					
1,304,333 Balance brought forward 1st July		1,605,261		1,605,361	
409,773 Plus Transfer from Accumulated Surplus		1,705,480		909,634	
(108,745) Less Transfer To Accumulated Surplus		(1,054,563)		(668,501)	
<b>1,605,361 BALANCE AS AT 30th JUNE</b>		<b>2,256,178</b>		<b>1,846,494</b>	

All of the above Reserve Accounts are Cash Backed and are disclosed as Restricted Cash Assets in Note 4 of the Annual Financial Statements. Its anticipated that the Reserves will be utilised over the next 1 to 10 years. Council would expect further transfers to be made to some of the Reserves as funds are utilised.



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

**7. RESERVES**

The transactions of the Reserve Funds are summarised as follows:

	Actual 2012/13 \$		Budget 2013/14 \$		Actual 2013/14 \$
<b>7.31 Asset Revaluation</b>					
The Asset Revaluation Surplus is not Cash Backed and future transactions will be in accordance with the Shire of York Accounting Policy.					
		<b>Asset Revaluation Surplus (Roads)</b>			
	52,651,562	Balance brought forward 1st July	58,702,393		58,702,393
	6,050,831	Revaluation Increment	0		8,853,040
	0	Revaluation Decrement	0		
	<u>58,702,393</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>58,702,393</u>		<u>67,555,433</u>
		<b>Asset Revaluation Surplus (Bridges)</b>			
	0	Balance brought forward 1st July	0		0
	0	Revaluation Increment	0		29,051,276
	0	Revaluation Decrement	0		(17,583,164)
	<u>0</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>0</u>		<u>11,468,112</u>
		<b>Asset Revaluation Surplus (Footpaths)</b>			
	0	Balance brought forward 1st July	0		0
	0	Revaluation Increment	0		1,424,877
	0	Revaluation Decrement	0		(697,214)
	<u>0</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>0</u>		<u>727,663</u>
		<b>Asset Revaluation Surplus (Other Items)</b>			
	0	Balance brought forward 1st July	0		0
	0	Revaluation Increment	0		308,319
	0	Revaluation Decrement	0		0
	<u>0</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>0</u>		<u>308,319</u>
		<b>Asset Revaluation Surplus (Plant and Equipment)</b>			
	0	Balance brought forward 1st July	0		0
	0	Revaluation Increment	0		0
	0	Revaluation Decrement	0		0
	<u>0</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>0</u>		<u>0</u>
		<b>Asset Revaluation Surplus (Furniture and Equipment)</b>			
	0	Balance brought forward 1st July	0		0
	0	Revaluation Increment	0		0
	0	Revaluation Decrement	0		0
	<u>0</u>	<b>BALANCE AS AT 30th JUNE</b>	<u>0</u>		<u>0</u>
	<u>58,702,393</u>	<b>TOTAL ASSET REVALUATION SURPLUS</b>	<u>58,702,393</u>		<u>80,059,527</u>



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

**8. CASH FLOW INFORMATION**

Reconciliation of cash flows from operations with change in net equity resulting from operations.

For the purpose of the Statement of Cash Flows, cash includes cash on hand and deposits with Banks or Financial Institutions.

8.1	Actual 2012/13	RECONCILIATION OF CASH	Budget 2013/14	Actual 2013/14
	\$		\$	\$
	679,702	Cash at Bank - Operating	(733,668)	184,192
	2,776,075	Restricted Cash	2,613,778	2,062,076
	<u>3,455,777</u>	<b>TOTAL CASH</b>	<u>1,880,110</u>	<u>2,246,268</u>
8.2		<b><u>Non cash flows in change in Net Equity</u></b>		
	281,963	Net Result	4,411,612	(631,481)
	2,454,547	Depreciation	1,685,255	1,975,192
	17,425	Profit/(loss) on sale of Fixed Assets	(1,188,300)	(161,298)
	(1,594,820)	Contributions for Development of Assets	(6,089,789)	(823,213)
	0	Movement in Non - Current Debtors	0	(7,346)
		<b><u>Change in Assets and Liabilities</u></b>		
	(3,632)	(Increase)/Decrease in Inventory	(3,000)	7,416
	(106,068)	(Increase)/Decrease in Accounts Receivables	31,531	160,489
	12,508	(Increase)/Decrease in Provisions	22,032	19,055
	169,838	Increase/(Decrease) in Accounts Payables	(49,920)	(369,396)
	<u>1,231,761</u>	<b>Cash flows from Operations</b>	<u>(1,180,579)</u>	<u>169,418</u>
8.3		<b>Credit stand by arrangement and loan facilities</b>		
		Council has a Credit Card facility of :-		
	10,000	Credit Card Limit	10,000	10,000
	(3,487)	Amount Utilised	0	333
		Council has Bank Overdraft facilities of:-		
	200,000	Credit Facility	200,000	200,000
	0	Amount Utilised	0	0
	<u>206,513</u>	<b>Unused Facility available</b>	<u>210,000</u>	<u>210,333</u>





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

**9. TRUST FUND INFORMATION**

Funds held at balance date over which the Council has no control and which are not included in the Financial Statements are:

<b>PARTICULARS</b>	<b>OPENING BALANCE 1/07/2013 \$</b>	<b>RECEIPTS ACTUAL 2013/14 \$</b>	<b>PAYMENTS ACTUAL 2013/14 \$</b>	<b>CLOSING BALANCE 30/06/2014 \$</b>
BCITF PAYMENT	\$3,000	\$12,934	\$13,965	\$1,969
BOND CAT TRAP	\$0	\$730	\$730	\$0
BOND LAND/BUILDING SALE	\$0	\$0	\$0	\$0
BONDS - EXTRACTIVE INDUSTRIES	\$4,500	\$0	\$0	\$4,500
BONDS - FOOTPATH & KERB	\$31,226	\$5,000	\$3,000	\$33,226
BONDS - HALL ETC	\$5,300	\$3,500	\$4,500	\$4,300
BONDS - KEYS	\$2,220	\$660	\$640	\$2,240
BONDS - PARKS/COUNCIL PROPS	\$1,500	\$500	\$1,500	\$500
BONDS - RENTAL PROPERTY	\$2,944	\$1,000	\$1,000	\$2,944
BUILDER REGIST BOARD LEVY	\$1,820	\$10,585	\$11,068	\$1,337
BUILDING BONDS	\$11,100	\$720	\$720	\$11,100
CASH RECEIPT ADJUSTMENTS	\$6,191	\$772	\$213	\$6,750
COMMUNITY BUS BONDS	\$950	\$5,250	\$3,800	\$2,400
CROSSOVER BOND - ASTONE	\$6,000	\$0	\$0	\$6,000
CROSSOVER BOND - N BLISS	\$1,650	\$0	\$0	\$1,650
CROSSOVER BOND - SMORENBURG	\$1,650	\$0	\$0	\$1,650
CROSSOVER BOND - AVON VALLEY P	\$5,940	\$0	\$0	\$5,940
FUNDS HELD FOR LOCAL GROUPS	\$1,432	\$20,480	\$7,572	\$14,339
GREENHILLS BUSHFIRE BRIGADE	\$114	\$0	\$0	\$114
LEEWIN CONTRIBUTIONS	\$800	\$0	\$0	\$800
MOTO CROSS TRACK	\$2,973	\$1,182	\$0	\$4,155
NOMINATION DEPOSIT	\$0	\$640	\$640	\$0
PALMBROOK - CROSSOVERS	\$57,888	\$2,206	\$0	\$60,095
PALMBROOK - FOOTPATHS	\$60,862	\$2,224	\$0	\$63,086
PALMBROOK - INTERSECTIONS	\$26,343	\$1,004	\$0	\$27,347
PALMBROOK - PUBLIC OPEN SPACE	\$67,741	\$2,563	\$11,882	\$58,422
PALMBROOK - RURAL NUMBERS	\$1,820	\$0	\$0	\$1,820
PIONEER MEMORIAL LODGE BONDS	\$0	\$0	\$0	\$0
PLANNING BONDS	\$2,900	\$6,557	\$6,557	\$2,900
POLICE LICENSING	\$5	\$1,502,755	\$1,502,760	\$0
PROPERTY SALE NON PAYMENT RATES	\$8,041	\$0	\$0	\$8,041
SETTLERS HOUSE BONDS	\$13,357	\$0	\$0	\$13,357
STAFF SOCIAL FUNDS	\$98	\$819	\$877	\$40
SUBDIVISION BONDS	\$27,736	\$17,278	\$0	\$45,014
SUBDIVISION BOND - BAWDEN	\$3,300	\$0	\$0	\$3,300
SUBDIVISION BOND - PREISIG	\$28,079	\$1,070	\$0	\$29,149
SWIMMING POOL INSPECTION FEES	\$0	\$0	\$0	\$0
TOTAL GROUP CLEANING BOND	\$0	\$0	\$0	\$0
WATER LOAN REPAYMENTS IN FULL	\$6,772	\$0	\$3,019	\$3,753
SPORTING PRECINCT	\$485	\$21,475	\$18,000	\$3,960
<b>TOTAL</b>	<b>396,735</b>	<b>1,621,905</b>	<b>1,592,443</b>	<b>426,198</b>



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

**10. RATING INFORMATION**

Rating Information for the year ended 30 June 2014

RATE TYPE	Budget Rate Revenue	Rate in \$	Number of Properties	Rateable Value	Total Rate Revenue
General Rate GRV	1,710,766	\$0.088821	1331	19,260,828	1,710,766
Minimum Rate GRV	511,700	\$850	602	2,753,906	511,700
General Rate UV	1,557,296	\$0.006944	465	224,264,977	1,557,296
Minimum Rate UV	194,670	\$1,030	189	18,915,982	194,670
Interim Rates	25,000				8,814
Back Rates	100				0
<b>TOTAL</b>	<b>3,999,532</b>		<b>2587</b>	<b>265,195,693</b>	<b>3,983,246</b>

**10.1 General and Minimum Rate**

In accordance with Financial Management Regulation 39, Council has imposed the following Rates:

Actual	Budget	Actual
0	2013/14	2013/14
\$	\$	\$
0.0815	0.088821	0.088821
\$830 p.a.	\$850 p.a.	\$850 p.a.
0.005700	0.006944	0.006944
\$1,030 p.a.	\$1,030 p.a.	\$1,030 p.a.

**The Objects and Reasons for General and Minimum Rate**

All land except exempt land in the Shire of York is rated according to its Gross Rental Value (GRV) in Townsites or Unimproved Value (UV) in the remainder of the Shire.

The General Rates detailed above for the 2013/2014 financial year have been determined by the Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of Council's services and facilities.

**11. SPECIFIED AREA RATES**

No Specified Area Rates were levied during 2013/2014.

**12. SERVICE CHARGE**

No Service Charges were imposed during 2013/2014.



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

**13. INFORMATION ABOUT DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE OFFS**

Pursuant to Sections 6.4 and 6.12 of the Local Government Act 1995, Council may, when adopting the Annual Budget, grant an incentive or discount for the early payment of Rates and Charges.

**13.1 Discount on Rates and Service Charges**

The Council did not offer a discount on rates.

**13.2 Incentive Scheme (Rates)**

Council, with the support of the following businesses, allowed those property owners who paid their rates levy by the due date specified on the rates notice to participate in a draw for the following prizes.

<b>1st Prize</b>	\$1,000 Bank Account with the York and Districts Community Bank Branch - Sponsored by the Shire and Bendigo Bank
<b>2nd Prize</b>	2 night's accommodation for 2 adults in a superior room including breakfast valued at \$400 donated by Accor.
<b>3rd Prize</b>	Four tickets to the Western Australian Symphony Orchestra for Sol Gabetta Plays Dvorak on Saturday, 16th November 2013.
<b>4th Prize</b>	\$200 worth of unleaded fuel, sponsored by Fuel Distributors WA.

**13.3 Concessions**

Council offered subsidised hall and recreation centre hire to approved community groups. Council considers the support of these groups necessary for the overall benefit of the community. Approved groups paid \$66 per day, or \$330 per year where they used the venue on a regular basis for a period of 12 times within the year.

**13.4 Write Offs**

In accordance with Section 6.12 of the Local Government Act 1995 and Financial Management Regulation 42, details of debts written off by the Council during the financial year are as follows;

Actual 2012/13		Actual 2013/14
\$		\$
1,349	Write Offs	2,698
<u>1,349</u>		<u>2,698</u>



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

**14. INTEREST CHARGES FOR THE LATE PAYMENT OF RATES AND OTHER DEBTS**

**14.1 Interest Charge for Late Payment of Rates**

Pursuant to Section 6.51 of the Local Government Act and Financial Management Regulation 43(a) Council imposed the following rate of interest applicable for the late payment of rates and service charges and applied as follows:

- (a) Where no election has been made to pay the rate charge by instalments,
  - (i) after it becomes due and payable; or
  - (ii) 35 days after the date of issue of the rate notice
 which ever is the later.
- (b) Where an election has been made to pay the rate charge by instalments and an instalment remains unpaid after it is due and payable.

The rate of interest applied is 11% and the revenue from the imposition of the interest amounted to \$103,339

**14.2 Interest and other charges for the payment by instalments**

Pursuant to Section 6.45 of the Local Government Act and Financial Management Regulation 43(c) the due dates of each instalment was as follows:

1st Instalment	Tuesday, 17 September 2013
2nd Instalment	Tuesday, 19 November 2013
3rd Instalment	Monday, 20 January 2014
4th Instalment	Thursday, 20 March 2014

The charges applicable for participation in the instalment scheme were as follows;

Interest calculated on instalment payments	5.50%
Administration charge per instalment	\$8

Actual 2012/13		Budget 2013/14	Actual 2013/14
\$		\$	\$
90,914	Interest Charges for the late Payment of Rates Charged	60,000	103,339
16,344	Instalment Interest Charges	16,000	16,270
1,687	Pensioner Deferred Rates Interest Charges	2,000	1,293
15,984	Administration Charges for Instalment Options	16,000	15,014
2,700	Interest charges for the late payment of ESL	3,000	3,199

**14.3 Interest Charges for Other Debts**

No interest is charged under Section 6.13 of the Local Government Act for the late payment of money, other than rates.





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

**15. FEES AND CHARGES INFORMATION**

**15.1 Fees and Charges by Program**

In accordance with Financial Management Regulation 41, the estimates of total revenue from Fees and Charges for each program are summarised as follows:

Actual 2012/13 \$		Actual 2013/14 \$
30,259	Governance	7,374
9,361	General Purpose Funding	29,895
60,194	Law, Order, Public Safety	78,587
65,794	Health	61,971
29,810	Education and Welfare	32,307
624,111	Community Amenities	740,826
261,131	Recreation and Culture	457,210
761	Transport	298
130,588	Economic Services	122,364
36,812	Other Property and Services	63,019
<b>1,248,821</b>	<b>TOTAL FEES AND CHARGES</b>	<b>1,593,851</b>

**15.2 Fees and Charges Amendments**

No amendments were made during the 2013/2014 financial year.

**16. COUNCIL MEMBERS - FEES, EXPENSES AND ALLOWANCES**

In accordance with Financial Management Regulation 44 Fees, Expenses or Allowances paid to Council Members are summarised as follows:

Actual 2012/13 \$		Budget 2013/14 \$	Actual 2013/14 \$
	<b>- Annual Attendance Fee</b>		
29,120	Councillor (5)	37,500	35,382
11,630	President	7,500	7,094
	<b>- Expenses</b>		
7,920	- Telecommunications Allowance	21,000	19,820
0	- Travel Expenses	1,500	0
6,000	- Information Technology Allowance	0	0
	<b>- Annual Local Government Allowance</b>		
10,060	- President	15,000	14,958
2,520	- Deputy President	3,750	3,119
<b>67,250</b>		<b>86,250</b>	<b>80,373</b>

**17. INVESTMENT EARNINGS**

The Earnings from Investments are summarised as follows:

Actual 2012/13 \$		Budget 2013/14 \$	Actual 2013/14 \$
92,934	General Account	60,000	70,126
64,153	Reserve Funds	60,000	58,781
111,645	Rates - Late payment & Instalment Interest	81,000	124,102
<b>268,732</b>	<b>TOTAL</b>	<b>201,000</b>	<b>253,009</b>



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**18. DEPRECIATION ON NON-CURRENT ASSETS**

The Depreciation charge included in the Financial Statements are summarised as follows:

Actual 2012/13 \$		Actual 2013/14 \$
180	General Purpose Funding	180
72,639	Governance	72,861
97,314	Law, Order, Public Safety	42,773
15,192	Health	12,540
20,607	Education and Welfare	21,169
26,081	Community Amenities	25,339
325,660	Recreation and Culture	357,830
1,601,695	Transport	1,235,473
18,774	Economic Services	10,176
276,405	Other Property and Services	196,851
<b>2,454,547</b>	<b>TOTAL</b>	<b>1,975,192</b>

**19. MAJOR LAND TRANSACTIONS**

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

**20. TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings, apart from the contracting out of services to a number of local governments in its surrounding region for the following services:

- Planning
- Health
- Building
- Ranger

**21. JOINT VENTURE**

**Centennial Park Aged Care**

Council together with Homeswest have a joint venture arrangement with regard to the provision of aged persons accommodation. Centennial Park consists of six units built by Homeswest and administered by Council.

**22. CAPITAL AND LEASING COMMITMENTS**

At the reporting date, the Council did not have any obligations under non-cancellable operating leases.



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**23. FINANCIAL INSTRUMENTS**

**23.1 Interest Rate Risk**

The following table details Council's exposure to financial risks, including interest rate risk, price risk, credit risk, etc as at 30th June 2014.

	Carrying Value 2012/13	Average Interest Rate %	Interest Bearing \$	Non Interest Bearing \$	Carrying Value 2013/14 \$	Fair Value 2013/14 \$
<b>Financial Assets</b>						
Cash	3,455,777	3.78	2,242,468	3,800	2,246,268	2,246,268
Receivables	1,521,066		0	1,356,864	1,356,864	1,356,864
	<b>4,976,843</b>		<b>2,242,468</b>	<b>1,360,664</b>	<b>3,603,132</b>	<b>3,603,132</b>
<b>Financial Liabilities</b>						
Payables	726,394		0	356,998	356,998	356,998
Borrowings	2,165,255	5.83	2,065,410	0	2,065,410	1,521,732
	<b>2,891,649</b>		<b>2,065,410</b>	<b>356,998</b>	<b>2,422,408</b>	<b>1,878,730</b>

**23.2 Material Risk from Financial Instruments**

Council does not have any material credit risk exposure to any single debtor under any financial instruments entered into.

**23.3 Fair Values and Carrying Amounts of Financial Assets and Liabilities**

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the notes to and forming part of the Annual Financial Statements.

**23.4 Receivables**

Council's receivables are classified as Rates and Annual Charges, Self Supporting Loans and General Debtors. Rates and Annual Charges are charges that are considered as charges against the property and as such are considered being secured by the Property to which they relate. Council accounts for Self Supporting Loans as part of its current receivables as and when payments fall due, amounts due in future years are shown as non-current.

Self Supporting Loans shown as debtors represent the repayments of a loan that Council has drawn on behalf of a Community Group. Council's General Debtors include receivables for goods and services provided to members of the community, government departments and businesses. Council has exposure to credit risk in that debtors may not be able to meet their commitments to repay debts. Council reviews its outstanding debts regularly and commences a variety of recovery techniques in accordance with its Debt Recovery Procedures. Council reviews outstanding debts annually and provides a provision should debts become doubtful.

2012/13			2013/14	
Current	Non Current		Current	Non Current
\$	\$		\$	\$
811,804	39,554	Financial Assets	832,775	47,702
11,060	18,108	Rates and Annual Charges	11,860	6,247
640,540	0	Self Supporting Loans	458,280	0
<b>1,463,404</b>	<b>57,662</b>	General Debtors	<b>1,302,915</b>	<b>53,949</b>

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

2012/13		2013/14
%		%
	<b>Rates and Annual Charges</b>	
42%	-Current	31%
58%	-Overdue	69%
	<b>Other receivables</b>	
41%	-Current	30%
59%	-Overdue	70%



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**23.5 Market Risk**

The Council invests funds that are not required immediately in Financial Instruments such as Term Deposits. The Council may be subject to interest rate risk in that future cash flows may fluctuate because of changes in market interest rate.

Actual 2012/13		Actual 2013/14
\$		\$
34,558	Impact of 1% Movement in Interest Rates on Investment Earnings (+/-)	22,463
86,394	Impact of 2.5% Movement in Interest Rates on Investment Earnings (+/-)	56,157

**23.6 Payables and Borrowings**

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

The maturity analysis for Council's financial liabilities is detailed as follows;

	2012/13	Less than 1 year	1 to 5 years	Greater than 5 years	2013/14
	\$	\$	\$	\$	\$
<b>Financial Liabilities</b>					
Accounts Payable - Current	726,394	356,998	0	0	356,998
Borrowings	2,165,255	105,730	457,299	1,502,381	2,065,410
	<b>2,891,649</b>	<b>462,728</b>	<b>457,299</b>	<b>1,502,381</b>	<b>2,422,408</b>

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

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Years 4 to 5 years	Greater than 5 years	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year Ended 30 June 2014</b>							
Debentures			18,108			2,047,302	2,065,410
Weighted Average - Interest Rate			5.83%			5.77%	5.83%
<b>Year Ended 30 June 2013</b>							
Debentures				29,168		2,136,087	2,165,255
Weighted Average - Interest Rate				5.83%		5.74%	5.83%





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**24. POSITION AT COMMENCEMENT OF FINANCIAL YEAR**

**24.1 DETERMINATION OF OPENING FUNDS**

ACTUAL 2012/13 \$		Budget 2013/14 \$	ACTUAL 2013/14 \$
	<b>Current Assets</b>		
496,318	Cash at Bank - (Overdraft)	1,877,560	395,974
2,956,909	Investments	0	1,846,494
2,550	Cash on Hand	2,550	3,800
1,463,404	Receivables	1,388,940	1,302,915
11,285	Stock on Hand	14,284	3,869
<b>4,930,466</b>		<b>3,283,334</b>	<b>3,553,052</b>
	<b>Less Current Liabilities</b>		
(726,394)	Accounts Payable	(650,000)	(356,998)
(634,125)	Accrued Leave	(731,047)	(640,469)
(99,845)	Current Loan Liability	0	(105,730)
<b>(1,460,364)</b>		<b>(1,381,047)</b>	<b>(1,103,197)</b>
<b>3,470,102</b>	<b>SURPLUS OF CURRENT ASSETS OVER CURRENT LIABILITIES</b>	<b>1,902,287</b>	<b>2,449,855</b>
	<b>ADJUSTMENTS</b>		
99,845	Add Back Current Loan Liability	0	105,730
(11,060)	Less Current Assets for Self Supporting Loan Repayments	0	(11,860)
	Less Cash Backed Reserves (excluding Leave Reserve)	(1,902,287)	(1,846,494)
	Plus Leave Reserve	0	640,469
(1,326,259)	Less Cash Backed Leave Reserves & Restricted Funds (excl LSL)		
<b>2,232,627</b>	<b>OPENING/CLOSING FUNDS</b>	<b>0</b>	<b>1,337,699</b>

**24.2 STATEMENT OF RECONCILIATION OF NET CURRENT ASSETS BROUGHT FORWARD**

In accordance with Financial Management Regulation 36(1)(b) the following reconciliation is provided between the Net Current Assets carried forward from the previous financial year, compared to the Net Current Assets detailed in the 2013/2014 Annual Budget.

Net Current Asset detailed in the 2013/2014 Annual Budget	<b>2,227,226</b>
Net Current Assets Brought Forward as at 1st July 2013	<b>2,232,626</b>

**25. CAPITAL EXPENDITURE BY PROGRAM**

Actual Capital Expenditure incurred by Program is summarised as follows:

Program	2012/13	Furniture and Equipment	Land and Buildings	Plant and Equipment	Infrastructure			2013/14
	\$	\$	\$	\$	Roads	Recreation Facilities	Other	\$
Governance	142,686	25,376	285,164	87,477	0	0	0	398,017
Law, Order, Public Safety	280,368	607	44,017	57,253	0	0	0	101,877
Health	30,099	0	7,510	0	0	0	0	7,510
Education and Welfare	30,540	0	0	0	0	0	0	0
Housing	0	0	0	0	0	0	0	0
Community Amenities	38,998	0	7,264	33,522	0	0	0	40,786
Recreation and Culture	375,883	50,950	212,155	0	0	31,540	0	294,645
Transport	1,471,698	0	0	546,072	1,142,566	0	0	1,688,638
Economic Services	11,571	0	0	25,913	0	0	4,199	30,112
Other Property & Services	3,724	0	14,709	40,500	0	0	0	55,209
<b>TOTAL</b>	<b>2,385,567</b>	<b>76,933</b>	<b>570,819</b>	<b>790,737</b>	<b>1,142,566</b>	<b>31,540</b>	<b>4,199</b>	<b>2,616,794</b>



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**26. FINANCIAL INFORMATION BY RATIO**

In accordance with Financial Management Regulation 50 the following Financial Information by Ratio is provided:

<u>2011/12</u> <u>Percent</u>	<u>2012/13</u> <u>Percent</u>		<u>2013/14</u> <u>Percent</u>
1.97	2.42	(a) <b>Current Ratio</b> <u>current assets minus restricted current assets</u> current liabilities minus liabilities associated with restricted assets	3.22
0.86	0.493	(b) <b>Asset Sustainability Ratio</b> <u>capital renewal and replacement expenditure</u> depreciation expense	0.53129
12.44	5.66	(c) <b>Debt Service Cover Ratio</b> <u>annual operating surplus before interest and depreciation</u> principal and interest	2.87
0.07	-0.215	(d) <b>Operating Surplus Ratio</b> <u>operating revenue minus operating expense</u> own source operating revenue	-0.2343
0.78	0.678	(e) <b>Own Source Revenue Ratio</b> <u>own source operating revenue</u> operating expense	0.6927

**ADDITIONAL RATIO INFORMATION**

The following information relates to those ratios which only require an attestation they have been checked and are supported by verifiable information.

N/A	0.793	(f) <b>Asset Consumption Ratio</b> <u>depreciated replacement cost of assets</u> current replacement cost of depreciated assets	0.73544
N/A	0.838	(g) <b>Asset Renewal Funding Ratio</b> <u>NPV of planned capital renewals over 10 years</u> NPV of required capital expenditure over 10 years	0.836

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



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**27. TRADE AND OTHER RECEIVABLES**

Receivables due to Council include the following:

ACTUAL 2012/13 \$		ACTUAL 2013/14 \$
	<b>Current</b>	
789,017	Rates	832,775
15,419	LSL Due from Other Councils	15,419
819,188	Sundry Debtors	451,847
(197,536)	Less Provision for Doubtful Debts	(42,321)
11,060	Long Term Loans-Interest Free & Self Supporting	11,860
681	Accrued Income - Self Supporting Loans	423
23,025	ESL Debtors	30,186
2,550	Pensioner Rebates	2,726
<b>1,463,404</b>		<b>1,302,915</b>
	<b>Non Current</b>	
39,554	Rates Outstanding-Pensioner Deferred	47,702
18,108	Long Term Loans-Interest Free and Self Supporting	6,247
<b>57,662</b>		<b>53,949</b>

Deferred pensioners rates represent amounts owing by pensioners who have chosen to defer the payment of their rates in accordance with the Rates and Charges (Rebates and Deferments) Act 1992.

**28. INVENTORIES**

ACTUAL 2012/13 \$		ACTUAL 2013/14 \$
<b>11,285</b>	Comprises of Construction Materials, Fuels and Consumables	<b>3,869</b>

All inventories at balance date have been valued at cost.

**29. TRADE AND OTHER PAYABLES**

ACTUAL 2012/13 \$		ACTUAL 2013/14 \$
680,912	Sundry Creditors	276,087
45,482	Other Payables	80,911
<b>726,394</b>	<b>Total</b>	<b>356,998</b>

**30. PROVISIONS**

Provision for Employees' entitlements at balance date are as follows:

ACTUAL 2012/13 \$		ACTUAL 2013/14 \$
	<b>Current</b>	
301,398	- Provision for Annual Leave	321,651
244,830	- Provision for Long Service Leave	223,371
68,441	- Provision for Sick Leave	75,355
19,456	- LSL Leave Owed To Other Local Governments	20,092
<b>634,125</b>		<b>640,469</b>
	<b>Non Current</b>	
20,178	- Provision for Long Service Leave	32,889
<b>20,178</b>		<b>32,889</b>
<b>654,303</b>		<b>673,358</b>



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**31. EMPLOYEE NUMBERS**

The following information is provided in relation to the number employees.

No. of Employees			
2012/13			2013/14
43	<b>Total Number of Employees</b>		50
	The number of full time equivalent employees at 30 June		

**32. ECONOMIC DEPENDENCY**

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is as follows:

ACTUAL 2012/13 \$		ACTUAL 2013/14 \$
1,589,644	<b>By Nature/Type:</b>	
1,590,220	Operating Grants	1,252,106
<b>3,179,864</b>	Non-operating Grants	823,213
	<b>Total</b>	<b>2,075,319</b>
1,311,427	General Purpose Funding	837,285
89,685	Governance	306,557
504,512	Law, Order and Public Safety	55,236
20,000	Education and Welfare	0
12,499	Community Amenities	24,712
455,363	Recreation and Culture	0
786,378	Transport	815,068
0	Economic Services	36,461
0	Other Property & Services	0
<b>3,179,864</b>		<b>2,075,319</b>

**33. CONTINGENT LIABILITIES**

Council does not have any known contingent liabilities at 30th June 2014.

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

ACTUAL 2012/2013 \$		ACTUAL 2013/2014 \$
1,150,472	<b>By Program:</b>	
73,514	Governance	1,388,306
443,446	General Purpose Funding	73,334
90,049	Law, Order, Public Safety	447,160
457,876	Health	113,975
36,159	Education and Welfare	436,708
593,491	Housing	36,159
9,179,732	Community Amenities	602,671
76,466,267	Recreation and Culture	9,412,051
88,628	Transport	97,390,919
1,620,297	Economic Services	90,148
5,311,673	Other Property and Services	1,819,147
<b>95,511,604</b>	Unallocated	3,976,492
	<b>Total</b>	<b>115,787,070</b>

**35. CORRECTION OF ERRORS**

The revaluation decrement for Plant & Equipment in the 2012/13 financial year amounted to \$194,523. This amount was applied to reduce the revaluation increment rather than being recognised in profit and loss under the relevant programme and nature and type classification.

The error has been corrected by restating each of the affected financial statement line items for the prior year.





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**36. FAIR VALUE MEASUREMENTS**

Persuant to Local Government (Financial Management) Regulation 17A(3) the Shire, as at 30 June 2014, has measured the following asset categories at fair value:

**Furniture and Equipment**

The office furniture and equipment currently on the Shire asset register was identified during the stocktake as at 30 June 2013 and is replaced on a regular basis. Based on the above, the cost approach is deemed to be the most appropriate and a very conservative fair value measurement and as a result revaluation was not required.

**Plant and Equipment**

A stocktake of Plant and Equipment was undertaken as at 30 June 2013, resulting in non existing items, predominantly old items that had been fully depreciated or could not be found being written off and any item below the value of \$1000 threshold was removed from the asset register. The items were internally valued through the use of external suppliers.

**Infrastructure**

**Roads**

In the case of roads a full road asset network valuation was undertaken by external consultants (Talis Consultants) in 2014. The fair value is determined as the Current Replacement Cost (CRC) less accumulated depreciation to reflect the already consumed or expired future economic benefits. This approach is consistent with AASB 116. The valuation for roads was generated from the RAMM Pavement Management System. The Shire had completed a full network condition summary and the external valuers have confirmed that there is a high level of confidence in the inventory data being relevant and of the condition data being a true representation of the current state. Also, unit rates used have been reviewed by the Shire and are considered accurate by the external valuer.

**Drainage**

A review of the Shire's asset register was undertaken in-house by Council Staff to validate the detail contained for Drainage Infrastructure. A review of the values contained in the Asset Register revealed that the written down value amounting to \$520,792 which represents 0.5% of the total Infrastructure Assets. The book value reflects the fair value based on the current replacement cost less accumulated depreciation.

**Reserve - Plant & Equipment**

A review of the Shire's asset register was undertaken in-house by Council Staff to validate the detail contained for Plant & Equipment Infrastructure. A review of the values contained in the Asset Register revealed that the written down value amounting to \$180,017 which represents 0.18% of the total Infrastructure Assets. The book value reflects the fair value based on the current replacement cost less accumulated depreciation.

**Reserve - Grasses**

A review of the Shire's asset register was undertaken in-house by Council Staff to validate the detail contained for Grass Reserves Infrastructure. A review of the values contained in the Asset Register revealed that the written down value amounting to \$104,398 which represents 0.1% of the total Infrastructure Assets. The book value reflects the fair value based on the current replacement cost less accumulated depreciation.

**Footpaths**

In the case of footpaths a full valuation was undertaken by external consultants in 2014. The fair value is determined as the Current Replacement Cost (CRC) less accumulated depreciation to reflect the already consumed or expired future economic benefits. This approach is consistent with AASB 116.

**Bridges**

In the case of bridges a full valuation was undertaken by external consultants in 2011 and reviewed in 2013. The fair value is determined as the Current Replacement Cost (CRC) less accumulated depreciation to reflect the already consumed or expired future economic benefits.

**Other Items of Infrastructure**

A review of the Shire's asset register was undertaken in-house by Council Staff to validate the detail contained for Other Items of Infrastructure. A review of the values contained in the Asset Register revealed that the written down value amounted to \$2,445,238. In order to determine a fair value for these items the ABS Road and Bridge Construction Index was applied to the historical cost less accumulated depreciation.



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**36. FAIR VALUE MEASUREMENTS**

The Shire of York measures the following assets and liabilities on a recurring basis;

- Roads
- Drainage
- Parks/Reserves
- Bridges
- Footpaths
- Other Structures
- Furniture and Equipment
- Plant and Equipment

The Shire does not measure any other assets and liabilities at fair value on a non-recurring basis.

The following table provides the fair values of the Shire's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

**Recurring Fair Value Measurements**

**Non-Financial Assets**

	<b>30-Jun-14</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Infrastructure	100,091,138	-	0
Plant & Equipment	0	2,038,405	0
Furniture & Equipment	0	315,280	0
Total non-financial assets recognised at fair value on a recurring basis	100,091,138	2,353,685	0

**Non-Financial Assets**

	<b>30-Jun-13</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Plant & Equipment	0	1,854,310	0
Furniture & Equipment	0	301,740	0
Total non-financial assets recognised at fair value on a recurring basis	0	2,156,050	0

**Transfers Policy**

The policy of the Shire of York is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers in and out of Level 3 measurements.

**Highest and Best Use**

There were no assets valued where it was assumed that the highest and best use was other than their current use.

**Valuation techniques and inputs used to derive fair values**

The following table summarises valuation inputs and techniques used to determine the fair value for each asset class.

Non-Financial Assets	Level of Valuation Input	Fair Value at 30/6/2014	Valuation Technique(s)	Inputs used
Infrastructure				
- Roads	3	81,639,017	Cost Approach	price per square metre
- Footpaths	3	1,240,176	Cost Approach	price per square metre
- Parks & Gardens	3	284,415	Cost Approach	price per square metre
- Drainage	3	520,792	Cost Approach	price per square metre
- Bridges	3	13,961,500	Cost Approach	price per square metre
- Other	3	2,445,238	Cost Approach	Price per square metre, estimates of residual value, useful life
Plant & Equipment	2	2,038,405	Market Approach	Make, size, year of manufacture and condition
Furniture & Equipment	2	315,280	Market Approach	Make, size, year of manufacture and condition
		<u>102,444,823</u>		



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**36. FAIR VALUE MEASUREMENTS**

**Plant and Equipment**

Plant and equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since 1 July 2013 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values. Thus, the value of the class of assets in the Shire's books is considered to be in accordance with Local Government (Financial Management (Regulation) 17A (2) which requires these assets to be shown at fair value. Plant and Equipment will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1.7.1.

Most plant and equipment assets are generally valued using the market and cost approach using comparable sales and relevant industry market price reference guides, and have been classified as being valued at Level 2 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

**Quantitative Information about the significant unobservable inputs and relationship to fair value**

The following table summarises the quantitative information about the key significant unobservable inputs (level 2 fair value hierarchy), the ranges of those inputs and the relationships of unobservable inputs to the fair value measurements.

Asset Description	Fair value as at 30 June 2014	Valuation Techniques	Unobservable inputs	Range of inputs (probability of weighted average)	Relationship of unobservable inputs to fair value
<b>Infrastructure Assets</b>					A change of 10% would result in a change in fair value by:
Roads	81,639,017	Cost Approach	price per square metre	+/- 10%	8,163,902
Footpaths	1,240,176	Cost Approach	price per square metre	+/- 10%	124,018
Parks & Gardens	284,415	Cost Approach	price per square metre	+/- 10%	28,442
Drainage	520,792	Cost Approach	price per square metre	+/- 10%	52,079
Bridges	13,961,500	Cost Approach	price per square metre	+/- 10%	1,396,150
Other Infrastructure	2,445,238	Cost Approach	Price per square metre, estimates of residual value, useful life	+/- 10%	244,524

**Valuation processes**

The Council engages external, independent and qualified valuers to determine the fair value of the entity's plant and equipment and infrastructure on a regular basis.

An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material, a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

As at 30 June 2014 a comprehensive revaluation was undertaken for infrastructure asset classes subject to revaluation by Talis Consultants.

**Relationship between asset consumption rating scale and the level of consumed service potential**

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of the accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit. The consumption rating scales were based initially on the past experience of the consultants and industry guides and were then updated to take into account the experience and understanding of the Shire's own engineers, asset management and finance staff.





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

**36. FAIR VALUE MEASUREMENTS**

**Disclosed Fair Value Measurements**

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are

Borrowings

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Heirarchy Level	Valuation Technique(s)	Inputs Used
Loans	2	Income approach using discounted cashflow methodology	Current treasury borrowing rates for similar instruments