

Annual Report

2012/2013

SHIRE OF WILUNA

Annual Report for the period of 1 July 2012 to 30 July 2013

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Our Vision

*A proud, green, go-ahead and
healthy Wiluna*

Our Mission

*Working together to enhance our
future through good governance*

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PRESIDENT'S REPORT



Well another year has passed so very quickly and as usual there has been a lot going on at the Shire.

The Local Government elections saw Cr Webb, Cr Quadrio and myself returned to Council and we would all like to thank the community for their faith in us continuing in our roles. We would also wish to welcome our new Councillor, Clinton Farmer, to the Council.

As most of you are aware Mr Tony Doust decided to retire earlier this year and we extend our thanks for his assistance during his term as CEO at the Shire. Mr Bruce Walker stood in as acting Chief Executive Officer during the change over to our present Chief Executive Officer, Ms Andrea Nunan, who has come to us from the Shire of Halls Creek. Some of you may remember Andrea from her previous time at Wiluna during 2002 – 2004 when she was a Senior Finance Officer. Andrea has some very progressive ideas for the whole Shire so I urge you all to become involved with all of our community programmes.

Council has been very busy with a number of projects around our town. One of the projects is the new oval changerooms and canteen which most of you would have noticed and next year work will start on the new Interpretive Centre which will be situated in Wotton Street opposite the Wiluna General Store. We will also undertake a town streetscape project and the upgrade/renovation of the Shire offices through a heritage grant.

We have also said goodbye to Garry Agnew, our Environmental Health Officer and welcome back Bill Atyeo to assist us at this time.

There has been a lot of building works within our town and trust we can continue to grow, it is always good to see new development, it only adds to the appeal of the town.

We will have some new community programmes for the upcoming year so keep an eye out for these. Staffs at the Shire have been very busy with some new initiatives being implemented by the new CEO and I believe the whole workforce will benefit from these changes.

The Council has been continuing with the upgrade of our air service to and from Wiluna and we will keep you advised on this ongoing issue.

Lastly, please support all the projects and programmes the Shire staff work so hard at, i.e. Trash & Treasure/Quiz Nights/Sporting events etc, that bring us all together and that make us a stronger and better community.

Graham Harris

Shire President

CHIEF EXECUTIVE OFFICER'S REPORT



I am honoured to be able to present my first Shire of Wiluna Annual Report as the Chief Executive Officer. Although I arrived after the 30 June 2013, there are a number of items to report on.

The Shire of Wiluna faced a period of change at executive management level with both Mr Tony Doust and Bruce Walker taking on the role of Chief Executive Officer.

The Shire was disappointed to lose the services of the permanent Chief Executive Officer, Mr Tony Doust, and takes this opportunity to again wish Tony and his wife Elinor the very best with their future plans.

Bruce Walker then manned the fort during the period between Tony's departure and my arrival. The Council and Staff of the Shire of Wiluna extend their gratitude to Bruce for the time and effort he gave the Shire during this period.

Other staff changes included:

The arrival of Tracey Luke to fill the position of Art Gallery Manager that becomes vacant due to the departure of Siobhan Jenner;

The Departure of Mr. Mick Beltran who was the Manager, Community Development

The arrival of Mr. Rod Liversidge, the Shire's Technical Services Manager and new members of the works team: Stewart Dodd and Daniel Murray

The arrival of Mr. Rod McGrath, the Shire's Sport and Recreation Manager.

The Shire remains grateful to those employees who have worked at the Shire for a considerable time, choosing the Shire as their employee, and making valuable contributions to the operations of the Shire.

These include:

Works Team including Sione Latu Kefu and Jason Harris, led by the Shire's longest serving employee Joe Giuliano

Administration and Finance team: Lavenia Ratabua, Katrina Boylan and Kim Ryan led by Glenn Deocampo

Kavoa Dakunimata who is the Works Administration Officer at the Depot, and Meleoni Nariro our Sport and Recreation Assistant Manager

A number of projects that commenced in 2012/13 have been carried forward into 2013/14, thus resulting in the substantial surplus shown on the Shire's Rates Setting Statement for 30 June 2013 in the Annual Financial Reports; this surplus is committed to the completion of projects in 13/14 and into 14/15 and include:

Refurbishment of the Shire Administration Building

Main street revitalization

Construction of Heritage and Interpretive Centre

The Shire completed significant capital works on the Wongawol Road, Wiluna North Road, street sealing projects, town streetscaping and sewer main extensions.

There were also a number of exciting activities run during 2012/13; activities that were well received by the community and had a great participation rate:

Blessing of the Highway fun-run; congratulations to Peter Lake, Joanne Moore, Isaiah Newberry, Juanita Callow, Adriano Truscott, Natasha Moore, Ethan Jackman and Raheal Newberry

"No Grog, No Drugs Concert" by legendary Mary G at the Shire Oval

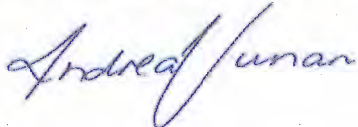
Birriliburu Art Exhibition at Newmont's Jundee minesite

Australia Day Fun Day at the Pool; the local Deocampo family became Australian citizens

The Shire Sport and Recreation activities that included: Trivia nights, golf, walking, road-cycling, jumping castles, basketball, pamper nights, football, soccer and the list goes on!

The Shire of Wiluna sincerely thanks all residents, partners, sponsors and the like who have supported and/or participated in events during 2012/13. Whilst the Shire still needs to take care of "roads, rates and rubbish" it also acknowledges that it has a valuable role to play in the engagement and development of the community at large, through activities and programmes; many of which would not happen without the support of others within the community.

The Shire of Wiluna looks forward to working with the all of the community into 2013-2014 and anticipates the on-going support and participation of its residents and stakeholders.



Andrea Nunan
Chief Executive Officer

ELECTIVE MEMBERS

The Shire of Wiluna is comprised of 7 elected members. Each member has a term of 3 years. Of these elected members, three is going to expire on 2013, three on 2015, and one position is vacant. The council approved not to hold a special election to replace the vacancy but wait for next election in October.

Elected members until 2013:

Cr. Graham Harris
Cr. Jim Quadrio
Cr. Chris Webb

Elected members until 2015:

Cr Stacey Petterson
Cr Bernie Weller
Cr Kim Ovens
Vacant position

The Council meets in the afternoon of the fourth Wednesday of the each month and is open to the general public. Special council meetings are advertised in advance. Agendas and Minutes of the Council meeting are made available to the members of public at the Shire's Administration office.

STATUTORY REPORTS

National Competition Policy

In 1995, the Council of Australian Government entered into a number of agreements collectively known as the National Competition Policy. The policy is a whole of Government approach to bring about reform in the public sector to encourage Government to become more competitive. Local Government will mainly be affected where it operates significant business activities (apply to activities that generate a user pays income of over \$200,000 per annum, unless it can be shown it is not in the public interest) which compete with private sector business. Local Government will also be impacted where its local laws unnecessarily affect competition.

The Shire of Wiluna is required to comply with certain policies contained within the National Competition Policy statement and report on progress in connection with Competitive Neutrality Principle and review of Local Laws.

The Shire of Wiluna has incorporated the principles and assessment of National Competition Policy into its practices and activities, and does not believe to have undertaken activities that have been anti-competitive in nature.

Disability Services Act

Section 5.53 of the Local Government Act 1995 and section 29 of the Disability Services Act 1993 require the Shire to include a report in its Annual Report about the implementation of its Disability Access and Inclusion Plan (DAIP).

The Shire of Wiluna submitted its DAIP to the Disability Services Commission in July 2007. The review of the five year plan (2012-2017) was completed and submitted to the Commission in June 2013.

Schedule 3 of the Disability Services Regulations 2004 specifies six desired outcomes of DAIPs.

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.
2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.
3. People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of the public authority.
5. People with disabilities have the same opportunities as other people to make complaints to a public authority.
6. People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

As required by the Act, the Shire of Wiluna is required to review the progress of the DAIP, comparing proposed outcomes to achievements. The Shire remains committed to the above outcomes and ensures that activities undertaken are conducted in a manner consistent with the provision requirements of the Act. The DAIP 2012/2013 progress report was submitted to the Disability Services Commission in June 2013.

Records Management and State Records Act 2000

The Shire of Wiluna Record Keeping Plan submitted in accordance with the State Records Act 2000 was approved in 15 September 2010 for a period of 5 years.

In compliance with the act requirements outlined in State Records Commission Standard 2, the Shire of Wiluna reports on:

- The efficiency and effectiveness of the organisation's recordkeeping system.

Performance indicator is used to assess the adequacy of the records creation and capture and file management. Overall performance in recordkeeping processes has improved with ongoing implementation of the Shire's recordkeeping system.

The Shire also implemented the following activities this year to ensure continued compliance with its recordkeeping requirements:

- ◆ Ongoing, sentencing and disposal of old files from the old recordkeeping system and in the archive room
- ◆ Review of Annual Risk Assessment Checklist to ensure the Shire is prepared for potential disasters impacting its records

- The efficiency and effectiveness of the recordkeeping training program.

The Shire's recordkeeping training program includes recordkeeping awareness for the staff and strategies to ensure the full and meaningful compliance with the standard. A specialized training was provided to staff with the responsibilities in staff training and maintaining the Shire's recordkeeping system.

The review of the current Plan is to be submitted to the State Records Office by 15 September 2015.

Plan for the Future

The Local Government Act requires Council to plan for the future of its district and that plans made "are in accordance with any regulations made about planning for the future".

The Shire has complied with the entire Integrated Planning and Reporting Framework requirement established by the Department of the Local Government. The revised Strategic Plan 2012-2023 was adopted on 27 June 2012. A copy of the Strategic Plan 2012-2023 is available at Shire's office. Other required plans were adopted in July 2013 and August 2013.

It is also the requirement of the Act, that the Annual Report must include an overview of the Plan for the Future including the major initiatives that are proposed to continue or commence in the next financial year.

The following major projects that are proposed to continue or commence in 2013/2014:

- Main Street Revitalisation
- Upgrade & refurbish of Shire Administration Centre
- Construction of Change rooms, Toilets and Kiosk in the Recreation ground
- Wiluna Heritage/Interpretative Centre
- Capital road works- Rural Roads/Town Streets

- Purchase (Changeover) of plant and equipment, including loader and multi-tyred roller
- Good Shed Restoration
- Establish new town water supply

Employee Remuneration Information

Local Government Act 1995, Section 5.53 and Administration Regulations 1996 – Reg. 19B require local governments to disclose in their annual report the number of employees entitled to annual salary of \$100,000 or more, and the number of employees with an annual salary with entitlement that falls within each band of \$10,000 over \$100,000.

For the reporting period, the Shire of Wiluna had one employee with an annual salary exceeding \$100,000 and within the \$160,000 and \$170,000 band.

Freedom of Information Statement

In accordance with section 96 of the Freedom of Information Act 1992, the Shire of Wiluna is required to publish its Freedom of Information (FOI) Statement in its Annual Report.

It is the aim of the Shire of Wiluna to make information available promptly and at the least possible cost, and whenever possible documents will be provided outside the FOI process. If information is not routinely available, the *Freedom of Information Act 1992* provides the right to apply for documents held by the Shire of Wiluna and to enable the public to ensure that personal information in documents is accurate, complete, up to date and not misleading. Routine information which does not require an FOI application include documents that is available to the public for purchase or free distribution (e.g. agenda/minutes), documents available for public inspection, State archives to which a person has a right to be given access under Part 6 of the State Records Act 2000, publicly available library material for reference purposes or a document made or acquired by an art gallery, museum or library and preserved for public reference or exhibition purposes.

Freedom of Information Applications

Access applications have to:

- Be in writing and addressed to the Chief Executive Officer of the Shire of Wiluna, PO Box 38, Wiluna WA 6646. No special forms are required.
- Give enough information so that the documents requested can be specifically identified and does not involve unreasonable time and resource to the Shire, otherwise, your application may be refused.
- Give an Australian address to which notices can be sent and if possible, provide your telephone, fax numbers and email address to help hasten the process.
- Be lodged at the Shire of Wiluna with any application fee payable.

Applications will be acknowledged in writing and you will be notified of the decision within 45 days.

Application Charges

A scale of fees and charges set under the FOI Act Regulations are stated below.

- | | |
|---|---------|
| • Personal information about the applicant | No fee. |
| • Application fee (for non personal information) | \$30.00 |
| • Charge for time dealing with the application
(per hour, or pro rata) | \$30.00 |
| • Access time supervised by staff
(per hour, or pro rata) | \$30.00 |
| • Photocopying staff time | |

(per hour, or pro rata)	\$30.00
• Per photocopy	.20
• Transcribing from tape, film or computer	
(per hour, or pro rata)	\$30.00
• Duplicating a tape, film or computer information	Actual Cost
• Delivery, packaging and postage	Actual Cost

Deposits

- Advance deposit may be required of the estimated charges 25%
- Further advance deposit may be required to meet the charges for dealing with the application. 75%

For financially disadvantaged applicants or those issued with prescribed pensioner concession cards, the charge payable is reduced by 25%.

Access Arrangements

Access to documents can be granted by way of inspection, a copy of a document, a copy of an audio or video tape, a computer disk, a transcript of a recorded, shorthand or encoded document from which words can be reproduced.

Notice of Decision

As soon as possible but in any case within 45 days you will be provided with a notice of decision which will include details such as -

- the date on which the decision was made
- the name and the designation of the officer who made the decision
- if the document is an exempt document the reasons for classifying the matter exempt; or the fact that access is given to an edited document
- information on the right to review and the procedures to be followed to exercise those rights.

Refusal of Access

Applicants who are dissatisfied with a decision of the agency are entitled to ask for an **internal review** by the agency. Application should be made in writing within 30 days of receiving the notice of decision. You will be notified of the outcome of the review within 15 days.

If you disagree with the result you then can apply to the Information Commissioner for an **external review**, and details would be advised to applicants when the internal review decision is issued.

No Freedom of Information application has been received by the Shire of Wiluna in the year 2012/2013.

Complaints Register

Section 5.121 requires that a register of all complaints, made in relation to conduct of members, be disclosed in the Annual Report.

For the year ended 30 June 2013, the Shire of Wiluna had no complaints of this nature to disclose.

FINANCIAL PERFORMANCE

The Shire of Wiluna concluded the financial year 2013 with a healthy financial position. The revenue increased by 11% to \$7.57 million and net result to \$1.87 million. It closed out the year with \$8.48 million in cash flow, an increase of 35% from year 2012 balance.

The Financial Report and Audit Report for the year ending 30 June 2013 follow later in detail.

Balance Sheet Position Comparison

Balance Sheet position (amount in million dollars)			
<i>\$ millions</i>	<i>As at 30/06/2013</i>	<i>As at 30/06/2012</i>	<i>Change 30/06/2013 over 30/06/2012</i>
<i>Cash and Cash equivalents</i>	8.48	6.27	2.21
<i>Trade & Other receivables</i>	.25	.41	-.16
<i>Inventories</i>	.02	.04	-.02
<i>Property, Plant & Equipment</i>	8.17	7.09	1.08
<i>Infrastructures</i>	13.45	12.85	.60
<i>Total Assets</i>	30.39	26.65	3.74
<i>Trade & Other Payables</i>	.31	.20	.11
<i>Other Liabilities</i>	.18	.02	.16
<i>Total Liabilities</i>	2.08	.22	1.86
<i>Net Assets/Total Equity</i>	28.30	26.43	1.87

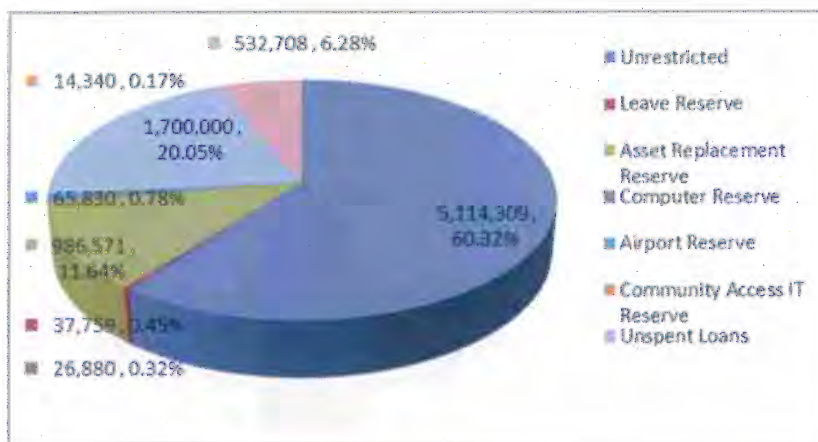
Key Features of the comparative financial position:

- The increase in cash is primarily due to unspent loans and grants, and capital projects that were deferred and carried forward to next financial year 2013.
- The decrease in receivables is primarily due to intensive collection of debts.
- The increase in property, plant and equipment is due to capital acquisitions of \$3.41million. This is partly offset by depreciation of \$1.35million and disposal of \$.59million.
- The increase in liabilities is the loan from WATC for Recreation Ground Change room and CSR/Gunbarrel Highway Interpretive Centre projects.
- Net assets increased by 7 percent in line with cash increase.

Cash

As mentioned earlier, the year closes with \$8.48 million in cash flow. This amount comprised of cash held in four reserve accounts (14%), unspent loan (20%), unspent grants (6%) and unrestricted funds (60%).

The following graph shows the Cash for 2012/2013:



The 96% of the operating funds is in fixed term/call deposits accounts to avail of the higher interest rates offered. As a result, the interest earnings significantly increased by 28% percent from last year.

Reserve Accounts

The Reserve accounts were created for specific purpose to fund future projects. The Shire increases its reserve accounts through interest and operating surplus. It will continue to build up the reserves to address the future needs.

The reserve funds reduced by 44% compared to last year's balance due to funds being spent to allotted projects. A \$1 million was transferred from Asset Replacement Reserve to operating fund.

Note 11 of the Annual Financial Report in page 49, provides information on the movements and the purpose of the Reserve accounts.

Financial Year Income Comparison

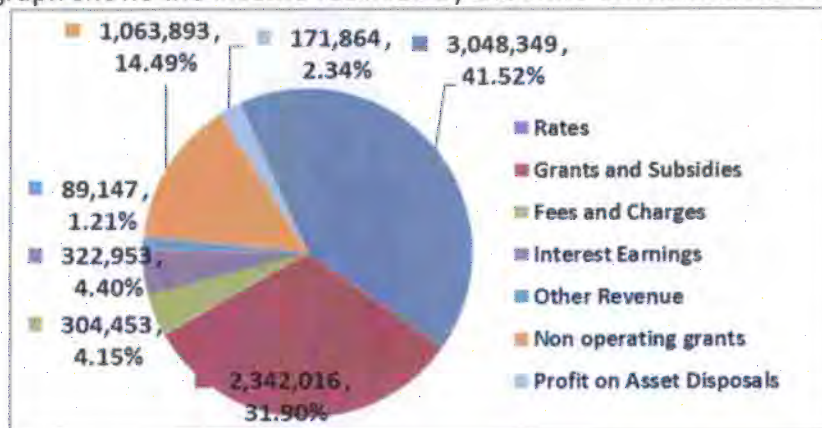
Financial Year Income Comparison (amount in million dollars)		
<i>AU\$ millions</i>	<i>FY 2012/2013</i>	<i>FY 2011/2012</i>
<i>Total Revenue</i>	7.57	6.85
<i>Expenses</i>	5.70	5.76
<i>Net Result</i>	1.87	1.09

Key Features of the comparative financial result

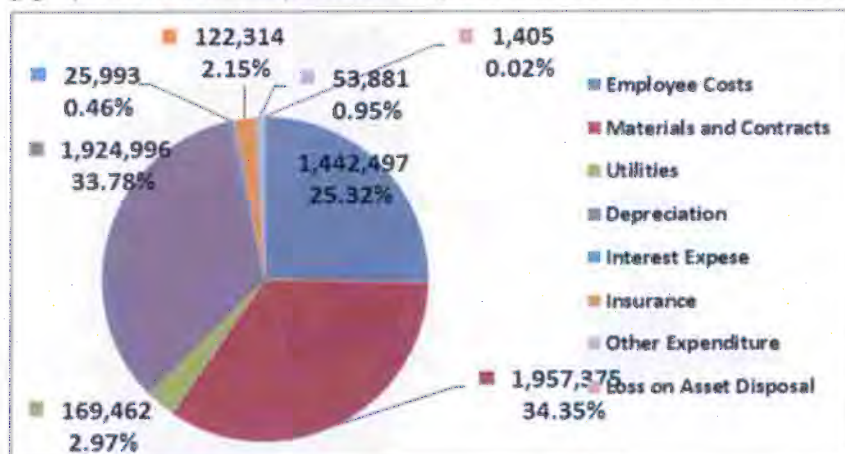
- The revenue increase is attributed by the grant received from Country Local Government Fund to refurbish Administration building and the revaluation of plant and equipment.

- Expenditures slightly decreased by 1% from last year.
- The increase in net result of 72% is in line with the increase in revenue.

The following graph shows the income received by the Shire of Wiluna for 2012/2013, by type:



The following graph shows the expenditure by the Shire of Wiluna for 2012/2013, by type:



Rating

The general rate revenue increase of 3% applied for the 2012/2013 financial year generated total rate revenue of \$3,048,349. The minimum rates increased from \$275 to \$285 for both GRV properties and UV rated properties.

Capital Expenditure

The Council budgeted \$8.94 million for capital expenditure. A number of capital projects have been carried forward to the next financial year for completion bringing a substantial surplus at the end of the financial year.

This year, the Shire has invested \$1.5million for roads rehabilitation; \$302,245 for housing repairs/upgrade; \$1.03 million for replacement of plant & vehicles; \$475,574 for sewer main extension, pool BBQ and shelter, and streetscaping funded project.

Loan

Council is able to raise funds for a specific project by way of borrowing. As at 30 June 2013, the Shire has a loan liability of \$1,700,000. The loan is to fund the Canning Stock Route/Gunbarrel Highway Interpretive and the Wiluna Recreation Ground Changerooms projects.

Budget Review

Local governments are required to conduct a budget review between six and nine months into a financial year. It establishes whether a local government continues meeting its budget commitments. Council adopted the budget review on 8 May 2013. The review was based on eight months period operation from 1 July 2012 to 28 February 2013.

Audit

The audit for 2012/2013 was successfully completed in accordance with Local Government Act and Accounting Regulations. This demonstrates to the integrity of the financial control systems is in place. Staff are pleased that the Shire has achieved another year of successful audit report.

Conclusion

The Shire of Wiluna delivered a sound financial performance for year 2012/2013. The Council's finance will remain well protected and managed according to budget and will continue to meet the growing demands and compliance requirements placed upon it.

We would like to thank the staff for their dedication and commitment. We are looking forward to a more progressive year and be of better service to the community.

Glenn Deocampo

Manager, Finance & Administration

ANNUAL FINANCIAL REPORT

FOR YEAR ENDED 30TH JUNE 2013

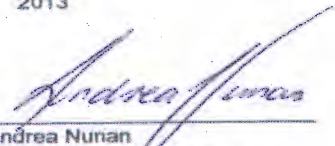
SHIRE OF WILUNA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Wiluna being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Wiluna at 30th June 2013 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 19th day of November 2013


Andrea Nunan
Chief Executive Officer

SHIRE OF WILUNA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	3,048,349	3,068,856	2,987,384
Operating Grants, Subsidies and Contributions	28	2,342,016	1,261,271	2,622,988
Fees and Charges	27	304,453	355,176	291,794
Service Charges	24	0	0	0
Interest Earnings	2(a)	322,953	197,500	285,436
Other Revenue		89,147	51,901	105,131
		<u>6,106,918</u>	<u>4,934,704</u>	<u>6,292,733</u>
Expenses				
Employee Costs		(1,442,497)	(2,608,575)	(1,800,121)
Materials and Contracts		(1,957,375)	(2,631,849)	(1,691,570)
Utility Charges		(169,462)	(142,500)	(148,600)
Depreciation on Non-Current Assets	2(a)	(1,924,996)	(1,874,900)	(1,904,521)
Interest Expenses	2(a)	(25,993)	0	0
Insurance Expenses		(122,314)	(114,500)	(129,422)
Other Expenditure		(53,881)	(97,425)	(53,670)
		<u>(5,696,518)</u>	<u>(7,469,749)</u>	<u>(5,727,904)</u>
		410,400	(2,535,045)	564,829
 Non-Operating Grants, Subsidies and Contributions	28	1,063,893	2,370,379	537,371
Profit on Asset Disposals	20	171,864	198,000	21,965
Loss on Asset Disposal	20	<u>(1,405)</u>	<u>0</u>	<u>(29,000)</u>
Net Result		1,644,752	33,334	1,095,166
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	229,274	0	0
Total Other Comprehensive Income		<u>229,274</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>1,874,026</u></u>	<u><u>33,334</u></u>	<u><u>1,095,166</u></u>

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

SHIRE OF WILUNA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		9,878	700	1,758
General Purpose Funding		5,456,812	4,235,288	5,696,229
Law, Order, Public Safety		24,663	12,130	6,437
Health		182	200	0
Education and Welfare		718	500	14,049
Housing		5,332	0	9,423
Community Amenities		71,127	60,200	63,049
Recreation and Culture		208,181	295,500	138,834
Transport		234,836	220,171	184,514
Economic Services		60,725	71,216	57,630
Other Property and Services		34,464	38,801	116,744
	2(a)	<u>6,106,918</u>	<u>4,934,706</u>	<u>6,288,667</u>
Expenses				
Governance		(1,065,060)	(1,434,699)	(1,086,128)
General Purpose Funding		(114,159)	(156,706)	(124,792)
Law, Order, Public Safety		(134,085)	(145,009)	(128,235)
Health		(82,863)	(96,523)	(80,452)
Education and Welfare		(205,758)	(258,573)	(227,809)
Housing		(5,332)	0	(9,423)
Community Amenities		(311,451)	(495,467)	(329,514)
Recreation and Culture		(1,115,012)	(1,493,391)	(903,197)
Transport		(2,455,321)	(3,006,260)	(2,456,033)
Economic Services		(181,134)	(349,273)	(261,744)
Other Property and Services		(26,343)	(33,849)	(116,510)
	2(a)	<u>(5,696,518)</u>	<u>(7,469,750)</u>	<u>(5,723,838)</u>
Non-Operating Grants, Subsidies and Contributions				
Governance		417,416	417,416	0
Recreation & Culture			0	6,638
Economic Services		0	1,417,416	0
Transport		646,477	535,547	530,733
		<u>1,063,893</u>	<u>2,370,379</u>	<u>537,371</u>
Profit/(Loss) on Disposal of Assets				
Other Property & Services		(1,405)	0	(7,035)
Transport		171,864	198,000	0
		<u>170,459</u>	<u>198,000</u>	<u>(7,035)</u>
Net Result		<u>1,644,752</u>	<u>33,335</u>	<u>1,095,166</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	229,274	0	0
Total Other Comprehensive Income		<u>229,274</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>1,874,026</u></u>	<u><u>33,335</u></u>	<u><u>1,095,166</u></u>

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

SHIRE OF WILUNA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	8,478,397	6,272,331
Trade and Other Receivables	4	253,627	406,411
Inventories	5	26,455	42,270
TOTAL CURRENT ASSETS		8,758,479	6,721,012
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	8,172,842	7,085,998
Infrastructure	7	13,457,219	12,846,808
TOTAL NON-CURRENT ASSETS		21,630,061	19,932,806
TOTAL ASSETS		30,388,540	26,653,818
CURRENT LIABILITIES			
Trade and Other Payables	8	310,730	172,748
Long Term Borrowings	9	141,600	0
Provisions	10	42,918	28,178
TOTAL CURRENT LIABILITIES		495,248	200,926
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,558,400	0
Provisions	10	29,805	21,831
TOTAL NON-CURRENT LIABILITIES		1,588,205	21,831
TOTAL LIABILITIES		2,083,453	222,757
NET ASSETS		28,305,087	26,431,061
EQUITY			
Retained Surplus		26,944,432	24,404,761
Reserves - Cash Backed	11	1,131,381	2,026,300
Revaluation Surplus	12	229,274	0
TOTAL EQUITY		28,305,087	26,431,061

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

SHIRE OF WILUNA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		23,607,477	1,728,418	0	25,335,895
Restated Balance		23,607,477	1,728,418	0	25,335,895
Comprehensive Income					
Net Result		1,095,166	0	0	1,095,166
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		1,095,166	0	0	1,095,166
Reserve Transfers		(297,882)	297,882	0	0
Balance as at 30 June 2012		24,404,761	2,026,300	0	26,431,061
Comprehensive Income					
Net Result		1,644,752	0	0	1,644,752
Changes on Revaluation of Non-Current Assets	12	0	0	229,274	229,274
Total Other Comprehensive Income		1,644,752	0	229,274	1,874,026
Reserve Transfers		894,919	(894,919)	0	0
Balance as at 30 June 2013		26,944,432	1,131,381	229,274	28,305,087

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

**SHIRE OF WILUNA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,998,484	3,218,856	3,348,940
Operating Grants, Subsidies and Contributions		2,476,970	1,400,447	2,488,034
Fees and Charges		269,335	420,412	317,053
Service Charges		0	0	0
Interest Earnings		322,953	197,500	285,436
Goods and Services Tax		304,018	500,000	48,692
Other Revenue		106,123	51,901	108,642
		<u>6,477,883</u>	<u>5,789,116</u>	<u>6,596,796</u>
Payments				
Employee Costs		(1,454,337)	(2,673,293)	(1,805,816)
Materials and Contracts		(1,715,702)	(2,560,788)	(2,450,458)
Utility Charges		(169,462)	(142,500)	(148,600)
Insurance Expenses		(122,314)	(114,500)	(129,422)
Goods and Services Tax		(315,646)	(500,000)	(50,442)
Other Expenditure		(53,881)	(97,425)	(77,110)
		<u>(3,831,342)</u>	<u>(6,088,506)</u>	<u>(4,661,848)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,646,541</u>	<u>(299,390)</u>	<u>1,934,948</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,435,646)	(5,894,000)	(463,905)
Payments for Construction of Infrastructure		(1,978,372)	(3,100,450)	(396,697)
Non-Operating Grants, Subsidies and Contributions		1,082,043	2,370,379	1,093,363
Proceeds from Sale of Plant & Equipment		191,500	250,000	39,636
		<u>(2,140,475)</u>	<u>(6,374,071)</u>	<u>272,397</u>
Net Cash Provided By (Used In) Investing Activities		<u>(2,140,475)</u>	<u>(6,374,071)</u>	<u>272,397</u>
Cash Flows from Financing Activities				
Proceeds from New Debentures		<u>1,700,000</u>	<u>1,700,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>1,700,000</u>	<u>1,700,000</u>	<u>0</u>
Net Increase (Decrease) in Cash Held		<u>2,206,066</u>	<u>(4,973,461)</u>	<u>2,207,346</u>
Cash at Beginning of Year		6,272,331	6,272,331	4,064,985
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>8,478,397</u></u>	<u><u>1,298,870</u></u>	<u><u>6,272,331</u></u>

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

**SHIRE OF WILUNA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		427,294	418,116	1,758
General Purpose Funding		2,408,463	1,166,432	2,708,845
Law, Order, Public Safety		24,663	12,130	6,437
Health		182	200	0
Education and Welfare		718	500	14,049
Housing		5,332	0	9,423
Community Amenities		71,127	60,200	63,049
Recreation and Culture		208,181	295,500	145,472
Transport		1,053,177	953,716	715,247
Economic Services		60,725	1,488,632	57,630
Other Property and Services		34,464	38,801	138,709
		<u>4,294,327</u>	<u>4,434,227</u>	<u>3,860,620</u>
Expenses				
Governance		(1,065,060)	(1,434,699)	(1,086,128)
General Purpose Funding		(114,159)	(156,706)	(124,792)
Law, Order, Public Safety		(134,085)	(145,009)	(128,235)
Health		(82,863)	(96,523)	(80,452)
Education and Welfare		(205,758)	(258,573)	(227,809)
Housing		(5,332)	0	(9,423)
Community Amenities		(311,451)	(495,467)	(329,514)
Recreation and Culture		(1,115,012)	(1,493,391)	(903,197)
Transport		(2,455,321)	(3,006,260)	(2,476,078)
Economic Services		(181,134)	(349,273)	(261,744)
Other Property and Services		(27,748)	(33,849)	(125,465)
		<u>(5,697,923)</u>	<u>(7,469,750)</u>	<u>(5,752,838)</u>
Net Result Excluding Rates		(1,403,596)	(3,035,523)	(1,892,218)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	(170,459)	(198,000)	7,035
Movement in accruals		0	0	(102,003)
Movement in Employee Benefit Provisions (Non-Current)		7,973	0	10,970
Depreciation and Amortisation on Assets	2(a)	1,924,996	1,874,900	1,904,521
Capital Expenditure and Revenue				
Purchase Land and Buildings		(302,245)	(4,594,000)	(272,460)
Purchase Infrastructure Assets - Roads		(1,502,798)	(2,605,450)	(379,120)
Purchase Infrastructure Assets -Others		(475,574)	(495,000)	(17,577)
Purchase Plant and Equipment		(1,038,537)	(1,158,000)	(146,079)
Purchase Furniture and Equipment		(94,864)	(142,000)	(45,366)
Proceeds from Disposal of Assets	20	191,500	250,000	39,636
Proceeds from New Debentures	21	1,700,000	1,700,000	0
Transfers to/from Restricted Municipal(Loan)		(1,700,000)	0	0
Transfers to Reserves (Restricted Assets)	11	(105,081)	(93,899)	(297,882)
Transfers from Reserves (Restricted Assets)	11	1,000,000	1,000,000	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	4,493,786	4,493,786	2,696,945
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	5,573,450	65,671	4,493,786
Total Amount Raised from General Rate	22(a)	<u>(3,048,349)</u>	<u>(3,068,856)</u>	<u>(2,987,384)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax (GST)

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

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

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

Land Under Control

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

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

Revaluation

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

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

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

Land under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

Capitalisation Threshold

Items of property, plant, furniture and equipment when acquired are only capitalised if the purchase cost or value of the item exceeds the following:

Buildings	\$5,000
Plant	\$5,000
Furniture	\$3,000
Equipment/Tools	\$3,000

Any items acquired that are below the above values are included as an operational cost and included in an asset inventory listing.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Derecognition

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

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

(i) Impairment

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

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

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

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

(l) Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are recognised when:

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

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

(n) Leases

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

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

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

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

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

(o) Investments in Associates

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 January 2015	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 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

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

2. REVENUE AND EXPENSES	2013	2012
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
General Purpose Funding	0	0
No Significant expenses in both years		
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit of the financial report	12,123	26,612
- Financial Management Review	12,621	0
- Assistance with the finalisation of the annual financial report	0	0
	<u>24,744</u>	<u>26,612</u>
Depreciation		
Buildings	181,226	175,601
Furniture and Equipment	67,651	90,881
Plant and Equipment	237,538	236,769
Roads	1,268,313	1,224,669
Infrastructure-Airport	115,123	133,490
Infrastructure-Other	55,146	43,111
	<u>1,924,996</u>	<u>1,904,521</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges	0	0
Debentures (refer Note 21(a))	25,993	0
	<u>25,993</u>	<u>0</u>
Rental Charges		
- Operating Leases	0	0
(ii) Crediting as Revenue:		
Significant Revenue		
	0	0
	<u>0</u>	<u>0</u>
No significant revenues in both years		
	2013	2013
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	91,182	80,000
- Other Funds	209,770	100,000
Other Interest Revenue (refer note 26)	22,002	17,500
	<u>322,953</u>	<u>197,500</u>
		<u>285,436</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

Community Vision

The Shire of Wiluna is dedicated to providing high quality services to the community through the various service orientated programs which it has established.
We live in a diverse and dynamic region with outstanding opportunities for all.

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

This includes rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide an operational framework for environment and community health.

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

HEALTH

To provide an operational framework for environment and community health.

Inspection of food outlets and their control, provision of pest control services, and waste disposal compliance.

EDUCATION AND WELFARE

To provide opportunities for the community to develop their education and training and capacity.

Provision and development of community service programmes, including training and disabilities requirements

HOUSING

To provide and maintain housing for employees of the Shire.

Provision and maintenance of housing for employees of the Shire.

COMMUNITY AMENITIES

To provide services and amenities required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

RECREATION AND CULTURE

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

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

TRANSPORT

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

Construction and maintenance of roads, streets, footpaths, depots, cleaning of streets and maintenance of street trees, streetlighting etc.

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing.

Tourism and area promotion, provision of rural services including weed control and vermin control. Building control and economic development/facilities.

OTHER PROPERTY AND SERVICES

To monitor and control council's overheads operating accounts.

Private works operation, administration overheads, plant repair/operation costs, and works overhead costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
FESA Operational Grant	Fire Prevention	0	6,230	(6,230)	0	11,430	(11,430)	0
FESA Operational Grant	SES Services	4,067	0	(4,067)	0	0	0	0
Wiluna Development Programme	Work for the DOLE	284,515	0	(230,763)	53,752	0	0	53,752
Work for the DOLE	Building Healthy Community	16,173	0	(16,173)	0	0	0	0
Building Healthy community	Art Gallery	4,500	0	(4,500)	0	0	0	0
AED	Operations	14,994	0	0	14,994	0	0	14,994
DEWHA- OFTA	Art Gallery	0	0	0	0	0	0	0
Royalties for Region-Country	Operations	0	0	0	0	90,000	(60,384)	29,616
Local Gov't Fund 2010/2011	Streetscape	142,629	0	(10,939)	131,690	0	(131,690)	(0)
DEWHA	Beautification	4,634	0	(4,634)	0	0	0	0
Dept of Agriculture & Food	National Jobs Package	14,688	0	(14,688)	0	0	0	0
MidWest Development Comm.	Dry Season Assistance	8,056	8,000	(16,056)	0	0	0	0
Dept of Transport & Regional Services	Wiluna Drive Trail	2,500	0	0	2,500	0	(2,500)	0
MidWest Development Comm.	Mining Needs	0	358,547	0	358,547	0	(358,547)	0
Dept of Local Government	Study	0	0	0	0	417,416	0	417,416
WA Police Strategic Crime Prevention	Roads to Recovery	0	0	0	0	0	0	0
Total	CLGF - Admin	496,756	372,777	(308,050)	561,483	535,776	(564,551)	16,930
Notes:	Office refurbish	0	0	0	0	0	0	532,708
	Community Safety Fund Grant	0	0	0	0	0	0	0

Notes:

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

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

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

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

	2013 \$	2012 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	5,114,309	3,684,548
Restricted	<u>3,364,089</u>	<u>2,587,783</u>
	<u>8,478,397</u>	<u>6,272,331</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Long service Leave Reserve	37,759	36,146
Asset Replacement Acquisition & Development Reserve	986,571	1,901,404
Computer Reserve	26,880	25,731
Airport Reserve	65,830	63,019
Community Access IT Reserve	14,340	0
Unspent loan Funds	1,700,000	0
Unspent Grants	<u>532,708</u>	<u>561,483</u>
	<u>3,364,089</u>	<u>2,587,783</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	201,909	220,784
Sundry Debtors	44,750	210,258
GST Receivable	11,629	3,209
Less Provision for Doubtful debts	<u>(4,662)</u>	<u>(27,839)</u>
	<u>253,626</u>	<u>406,411</u>
Non-Current		
Rates Outstanding - Pensioners	0	0
Loans - Clubs/Institutions	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
5. INVENTORIES		
Current		
Fuel	26,455	39,526
Cement	<u>0</u>	<u>2,743</u>
	<u>26,455</u>	<u>42,270</u>

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

	2013 \$	2012 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Cost	1,710	1,710
	<u>1,710</u>	<u>1,710</u>
Total Land	<u>1,710</u>	<u>1,710</u>
Buildings at:		
- Cost	7,813,921	7,582,297
Less Accumulated Depreciation	<u>(1,625,447)</u>	<u>(1,444,221)</u>
Total Buildings	6,188,474	6,138,076
Total Land and Buildings	<u>6,190,184</u>	<u>6,139,786</u>
Furniture and Equipment	782,591	690,332
Less Accumulated Depreciation	<u>(554,433)</u>	<u>(486,782)</u>
	228,158	203,550
Plant and Equipment - Management Valuation 2013	1,754,500	2,709,474
Less Accumulated Depreciation	<u>0</u>	<u>(1,966,812)</u>
	1,754,500	742,662
	<u><u>8,172,842</u></u>	<u><u>7,085,998</u></u>

Plant and Equipment:

The Shire's Plant and Equipment was revalued at 30 June 2013 by management valuation. All of the valuations were made on the basis of open market value of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$229,274 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer to Note 12 for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land	Buildings	Total Land and Buildings	Plant and Equipment (Level 2)	Furniture and Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	1,710	6,138,076	6,139,786	742,662	203,550	7,085,998
Additions	0	302,245	302,245	1,038,537	94,864	1,435,646
(Disposals)	0	0	0	(18,435)	(2,605)	(21,040)
Revaluation - Increments	0	0	0	229,274	0	229,274
- (Decrements)	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Other Movements	0	(70,621)	(70,621)	0	0	(70,621)
Initial Recognition of assets						
Due to Changes to Regulations	0	0	0	0	0	0
Depreciation (Expense)	0	(181,226)	(181,226)	(237,538)	(67,651)	(486,415)
Carrying amount at the end of year	1,710	6,188,474	6,190,184	1,754,500	228,158	8,172,842

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

	2013 \$	2012 \$
7. INFRASTRUCTURE		
Roads - Cost	40,519,377	39,016,579
Less Accumulated Depreciation	<u>(30,130,597)</u>	<u>(28,862,284)</u>
	10,388,780	10,154,295
 Airport - cost	 3,590,457	 3,590,457
Less Accumulated Depreciation	<u>(2,747,793)</u>	<u>(2,632,671)</u>
	842,664	957,786
 Infrastructure-Others - Cost	 2,572,299	 2,026,104
Less Accumulated Depreciation	<u>(346,524)</u>	<u>(291,377)</u>
	2,225,775	1,734,727
	<u>13,457,219</u>	<u>12,846,808</u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Airport \$	Infrastructure- Others \$	Total \$
Balance at the beginning of the year	10,154,295	957,786	1,734,726	12,846,808
Additions	1,502,798	0	475,574	1,978,372
(Disposals)	0	0	0	0
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0
Impairment - (Losses) - Reversals	0 0	0 0	0 0	0 0
Other Movements	0	0	70,621	70,621
Initial Recognition of assets Due to Changes to Regulations				0
Depreciation (Expense)	(1,268,313)	(115,123)	(55,146)	(1,438,582)
Carrying amount at the end of year	<u>10,388,780</u>	<u>842,663</u>	<u>2,225,775</u>	<u>13,457,219</u>

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

	2013 \$	2012 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	227,751	48,603
Payroll Liabilities	7,449	45,934
Rates with Credit Balances	7,484	76,223
Accrued Other Expenses	42,053	1,988
Accrued Interest on Debentures	25,993	0
	<u>310,730</u>	<u>172,748</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge		
Debentures	141,600	0
Lease Liability	0	0
	<u>141,600</u>	<u>0</u>
Non-Current		
Secured by Floating Charge		
Debentures	1,558,400	0
Lease Liability	0	0
	<u>1,558,400</u>	<u>0</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions		
Current		
Provision for Annual leave	28,171	13,431
Provision for Long Service Leave	14,747	14,747
	<u>42,918</u>	<u>28,178</u>
Non-Current		
Provision for Long Service Leave	29,805	21,831
	<u>72,722</u>	<u>50,010</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	13,431	36,578	50,009
Additional provisions	14,740	7,974	22,714
Amounts used	0	0	0
Used amounts reversed	0	0	0
Balance at 30 June 2013	<u>28,171</u>	<u>44,552</u>	<u>72,723</u>

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

	2013 \$	2013 Budget	2012 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	36,146	36,146	34,315
Amount Set Aside / Transfer to Reserve	1,613	1,500	1,831
Amount Used / Transfer from Reserve	0	0	0
	<u>37,759</u>	<u>37,646</u>	<u>36,146</u>
(b) Asset Replacement Reserve			
Opening Balance	1,901,404	1,901,404	1,610,052
Amount Set Aside / Transfer to Reserve	85,167	74,000	291,352
Amount Used / Transfer from Reserve	(1,000,000)	(1,000,000)	0
	<u>986,571</u>	<u>975,404</u>	<u>1,901,404</u>
(c) Computer Reserve			
Opening Balance	25,731	25,731	24,428
Amount Set Aside / Transfer to Reserve	1,149	1,000	1,303
Amount Used / Transfer from Reserve	0	0	0
	<u>26,880</u>	<u>26,731</u>	<u>25,731</u>
(d) Airport Reserve			
Opening Balance	63,019	63,019	59,623
Amount Set Aside / Transfer to Reserve	2,811	2,500	3,396
Amount Used / Transfer from Reserve	0	0	0
	<u>65,830</u>	<u>65,519</u>	<u>63,019</u>
(e) Community Access IT Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	14,340	14,899	0
Amount Used / Transfer from Reserve	0	0	0
	<u>14,340</u>	<u>14,899</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>1,131,381</u>	<u>1,120,199</u>	<u>2,026,300</u>

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

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

Leave Reserve

- to be used to fund annual and long service leave requirements.

Asset Replacement Reserve

- to be used for the purchase and replacement of equipment, furniture, plant, buildings, infrastructure, including roads, footpaths, and recreation facilities

Computer Reserve

- to be used to ensure that the administration computer system is maintained.

Airport Reserve

- to be used to fund the long term maintenance and upgrading of the Wiluna Airstrip

Community IT Equipment

- to be used to fund the replacement and upgrading of the IT Equipment provided for use by the community

The Airport, Leave, Computer and Community I/T Reserves are not expected to be used within a set period and further transfers to the reserve accounts are expected as funds are utilised.

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

12. RESERVES - ASSET REVALUATION

	2013	2012
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Plant and Equipment		
Opening Balance	0	0
Revaluation Increment	229,274	0
	<u>229,274</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>229,274</u></u>	<u><u>0</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>8,478,397</u>	<u>1,298,870</u>	<u>6,272,331</u>

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

Net Result	1,644,752	33,334	1,095,166
Amortisation			
Depreciation	1,924,996	1,874,900	1,904,521
(Profit)/Loss on Sale of Asset	(170,459)	(198,000)	7,035
(Increase)/Decrease in Receivables	77,720	354,412	779,618
(Increase)/Decrease in Inventories	15,814	7,269	(9,760)
Increase/(Decrease) in Payables	217,204	63,792	(751,564)
Increase/(Decrease) in Employee Provisions	22,713	(64,718)	3,297
Grants/Contributions for the Development of Assets	(1,082,043)	(2,370,379)	(1,093,364)
Non-Current Assets recognised due to changes in legislative requirements	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>2,650,697</u>	<u>(299,390)</u>	<u>1,934,949</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	<u>(817)</u>	<u>(883)</u>
Total Amount of Credit Unused	<u>9,183</u>	<u>9,117</u>

Loan Facilities

Loan Facilities - Current	141,600	0
Loan Facilities - Non-Current	<u>1,558,400</u>	<u>0</u>
Total Facilities in Use at Balance Date	<u>1,700,000</u>	<u>0</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF WILUNA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

14. CONTINGENT ASSETS/LIABILITIES	2013	2012
	\$	\$
(a) CONTINGENT ASSETS		
Storm Damaged Insurance claim	77,634	0

Council has made an insurance claim for storm damage to the Shire buildings and infrastructures and are of the opinion that it is probable that \$77,634 will be recovered.

(b) CONTINGENT LIABILITIES	
Council does not have any contingent liabilities as at 30 June 2013.	

15. CAPITAL AND LEASING COMMITMENTS

Council does not have any capital and leasing commitments as at 30 June 2013.

16. JOINT VENTURE

Council does not have any joint venture commitments as at 30 June 2013.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	5,137	8,426
General Purpose Funding	201,909	192,945
Law, Order, Public Safety	68,869	91,986
Housing	2,994,816	2,951,978
Community Amenities	412,652	175,196
Recreation and Culture	3,467,824	3,376,897
Transport	11,843,009	11,852,876
Economic Services	376,597	378,089
Other Property and Services	2,539,329	1,353,094
Unallocated	8,478,397	6,272,331
	<u>30,388,540</u>	<u>26,653,818</u>

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

	2013	2012	2011
18. FINANCIAL RATIOS			
Current Ratio	10.89	20.57	3.19
Asset Sustainability Ratio	1.34	0.31	0.29
Debt Service Cover Ratio	1.37	0.00	0.00
Operating Surplus Ratio	0.11	0.15	0.06
Own Source Revenue Coverage Ratio	0.64	0.64	0.61

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 53 of this document.

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

19. TRUST FUNDS

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Deposit/Bonds	3,967	6,943	(424)	10,486
	<u>3,967</u>			<u>10,486</u>

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Furniture & Equipment						
Apple MacBook Pro	2,605	0	1,200	0	(1,405)	0
Plant and Equipment						
Rubbish Collection Truck & Compactor	1,947	25,000	23,200	25,000	21,253	0
Tip Truck (5) Tonne	0	0	23,500	26,000	23,500	26,000
Dual cab (3) Tonne Table Top Truck	0	0	11,200	21,000	11,200	21,000
Tip Truck (10/13) Tonne	0	0	45,000	60,000	45,000	60,000
Works (Gardeners) Utility	0	0	11,818	13,000	11,818	13,000
(2) Axle Side Tipping Trailer	0	0	21,400	45,000	21,400	45,000
Low Loader (Float)	0	0	16,000	20,000	16,000	20,000
Works Manager Utility	7,630	15,000	22,727	25,000	15,097	10,000
Works Supervisor Utility	8,859	12,000	15,455	15,000	6,596	3,000
	<u>21,041</u>	<u>52,000</u>	<u>191,500</u>	<u>250,000</u>	<u>170,459</u>	<u>198,000</u>

Profit on Sale of Assets	171,864	198,000
Less: Loss on Sale of Assets	- 1,405	
Net Profit (Loss) on Sale of Assets	<u>170,459</u>	<u>198,000</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture								
Wiluna Recreation Ground	0	500,000	0	0	500,000	500,000	7,645	0
Change rooms, Toilets & Kiosk								
Economic Services								
Canning Stock Route Gunbarrel	0	1,200,000	0	0	1,200,000	1,200,000	18,348	0
Highway Interpretive Centre	0	1,700,000	0	0	1,700,000	1,700,000	25,993	0

(b) New Debentures - 2012/13

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Recreation & Culture										
Wiluna Recreation Ground	500,000	500,000	WATC	Debentures	10	113,175	3.96	0	500,000	500,000
Change rooms, Toilets & Kiosk										
Economic Services										
Canning Stock Route Gunbarrel	1,200,000	1,200,000	WATC	Debentures	10	271,620	3.96	0	1,200,000	1,200,000
Highway Interpretive Centre										
	1,700,000	1,700,000				384,795			1,700,000	1,700,000

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

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-12 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-13 \$
NIL		0	0	0	0
		0	0	0	0

(d) Overdraft

Council does not have overdraft as at 30 June 2013.

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

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE		Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate												
GRV	0.1100	64	630,888	71,609	2,427			74,036	69,398			69,398
GRV - Mining	0.1200	6	8,289,760	994,771	0			994,771	994,771			994,771
UV - Rural	0.0650	27	1,863,831	121,149	(167)			120,982	121,149			121,149
UV - Mining	0.1300	458	13,425,867	1,737,567	(4,123)			1,733,445	1,753,863			1,753,863
Sub-Totals			555	24,210,346	2,925,096	(1,862)	0	2,923,234	2,939,181	0	0	2,939,181
Minimum Rates		Minimum \$										
GRV	285	28	8,869	7,980				7,980	7,410			7,410
GRV - Mining	285	3	290	855				855	855			855
UV - Rural	285	2	2,790	570				570	570			570
UV - Mining	285	406	380,909	115,710				115,710	120,840			120,840
Sub-Totals			439	392,858	125,115	0	0	125,115	129,675	0	0	129,675
Discounts (refer note 25)								3,048,349				3,068,856
Total Amount Raised from General Rate								0				0
Specified Area Rate (refer note 23)								3,048,349				3,068,856
Total Rates								0				0
								3,048,349				3,068,856

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

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>5,573,450</u>	<u>4,493,786</u>	<u>2,696,946</u>
Comprises:			
Current Assets			
Cash - Unrestricted	4,026,722	2,672,597	1,355,365
Cash - Unrestricted (FAGS)	1,087,587	1,011,951	484,448
Cash - Restricted	3,364,089	2,587,783	2,225,174
Rates - Current	201,909	220,784	582,839
Sundry Debtors	44,750	210,258	660,065
Less Provision for Doubtful debts	(4,662)	(27,839)	(58,333)
GST Receivable	11,629	3,209	1,458
Inventories			
- Fuel	26,455	39,526	32,509
-Cement		2,743	0
	<u>8,758,479</u>	<u>6,721,013</u>	<u>5,283,525</u>
Current Liabilities			
Sundry Creditors	(227,751)	(48,603)	(794,785)
Payroll Liabilities	(7,449)	(45,934)	(14,328)
Rates with Credit Balances	(7,484)	(76,223)	(46,228)
Accrued Other Expenses	(42,053)	(1,988)	0
Provision for Annual Leave	(28,171)	(13,431)	0
Provision for Long Service Leave (current)	(14,747)	(14,747)	0
Bonds and Deposits	0	0	(2,820)
Current Loan Liability	(141,600)	0	0
Accrued Interest on Debentures	(25,993)	0	0
	<u>(495,248)</u>	<u>(200,926)</u>	<u>(858,161)</u>
Net Current Assets	8,263,231	6,520,086	4,425,364
Less:			
Reserves - Restricted Cash			
- Leave Reserve	(37,759)	(36,146)	(34,315)
- Asset Replace Replacement	(986,571)	(1,901,404)	(1,610,051)
- Computer Reserve	(26,880)	(25,731)	(24,428)
- Airport Reserve	(65,830)	(63,019)	(59,624)
-Community Access IT Reserve	(14,340)	0	0
Restricted - Unspent Loan Funds	(1,700,000)	0	0
Add Back:			
Current Loan Liability	141,600	0	0
Surplus/(Deficit)	<u>5,573,450</u>	<u>4,493,786</u>	<u>2,696,946</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

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

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

Council does not maintain Specified area rate for the financial year 2012/2013. has occurred.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

Council does not have service charges for the financial year 2012/2013.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		0	0
Minimum Rate	Discount		0	0
			0	0
Photocopy Charge	Waiver		0	0
Rate Assessment	Write-Off		0	0

26. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		18,557	15,000
Interest on Instalments Plan	5.50%		3,444	2,500
Charges on Instalment Plan	\$ 30.00		2,070	500
			24,072	18,000

Ratepayers had the option of paying rates in four equal instalments, due on 14th November 2012, 14th November 2013, 14th March 2013 and 14th May 2013. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	0	0
General Purpose Funding	50	660
Law, Order, Public Safety	260	208
Health	182	0
Education and Welfare	718	150
Housing	0	0
Community Amenities	71,127	63,049
Recreation and Culture	76,276	61,681
Transport	85,926	83,303
Economic Services	56,865	49,630
Other Property and Services	13,049	33,113
	<u>304,453</u>	<u>291,794</u>

There were changes during the year to the amount of amount of fees and charges detailed in the original budget.

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

28. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,342,016	2,622,988
Non-Operating Grants, Subsidies and Contributions	1,063,893	537,371
	<u>3,405,909</u>	<u>3,160,359</u>
By Program:		
Governance	426,916	0
General Purpose Funding	2,048,918	2,409,877
Law, Order, Public Safety	22,783	10,296
Health	0	0
Education and Welfare	0	13,899
Housing	0	0
Community Amenities	0	0
Recreation and Culture	108,046	64,544
Transport	795,386	653,743
Economic Services	3,860	8,000
Other Property and Services	0	0
	<u>3,405,909</u>	<u>3,160,359</u>

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	20,075	28,500	17,748
President's Allowance	6,500	6,500	5,843
Deputy President's Allowance	1,625	1,625	1,460
Travelling Expenses	3,818	6,500	3,900
Telecommunications Allowance	5,265	6,300	5,535
	<u>37,283</u>	<u>49,425</u>	<u>34,486</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2013	2012
<u>18</u>	<u>16</u>

31. MAJOR LAND TRANSACTIONS

Council had no major land transactions as at 30 June 2013

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	8,478,397	6,272,331	8,478,397	6,272,331
Receivables	253,626	406,412	253,626	406,412
Investments	0	0	0	0
	<u>8,732,023</u>	<u>6,678,743</u>	<u>8,732,023</u>	<u>6,678,743</u>
Financial Liabilities				
Payables	310,730	172,748	310,730	172,748
Borrowings	1,700,000	0	1,700,000	0
	<u>2,010,730</u>	<u>172,748</u>	<u>2,010,730</u>	<u>172,748</u>

Fair value is determined as follows:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	84,784	62,723
- Statement of Comprehensive Income	84,784	62,723

Notes:

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

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	2.46%	39.55%
- Overdue	97.54%	60.45%
Percentage of Other Receivables		
- Current	72.01%	90.53%
- Overdue	27.99%	9.47%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

2013

Payables
Borrowings

Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
310,730	0	0	310,730	310,730
207,532	830,126	1,037,659	2,075,316	1,700,000
<u>518,262</u>	<u>830,126</u>	<u>1,037,659</u>	<u>2,386,047</u>	<u>2,010,730</u>

2012

Payables
Borrowings

Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
172,748	0	0	172,748	172,748
0	0	0	0	0
<u>172,748</u>	<u>0</u>	<u>0</u>	<u>172,748</u>	<u>172,748</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%

Year Ended 30 June 2013

Payables
Borrowings

Fixed Rate

Debentures	0	0	0	0	0	1,700,000	1,700,000	3.96%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	3.96%		

Year Ended 30 June 2012

Payables
Borrowings

Fixed Rate

Debentures	0	0	0	0	0	0	0	0.00%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		

INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF WILUNA

Report on the Financial Report

We have audited the financial report of the Shire of Wiluna (the Shire), which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and a summary of significant accounting policies and other explanatory notes and the statement by the Chief Executive Officer.

Shire's Responsibility for the Financial Report

The Shire is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Local Government Act 1995 Part 6* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire's financial position and of its performance.

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



RSM Bird Cameron

Independence

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

Auditor's opinion on the Financial Report

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

- (i) gives a true and fair view of the financial position of the Shire of Wiluna as at 30 June 2013 and of its financial performance for the year ended on that date; and
- (ii) complies with the *Local Government Act 1995 Part 6* and the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations).
- (iii) in relation to the Supplementary Ratio Information presented on page 55 of this report, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and reasonable assumptions.

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Shire did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they relate to the financial report except that monthly bank reconciliations were not prepared during the period 1 October 2012 to 30 June 2013.

RSM Bird Cameron
RSM BIRD CAMERON

SC Cubitt
S C CUBITT
Director

Perth, WA
Dated:

19 November 2013

**SHIRE OF WILUNA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

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

	2013	2012	2011
Asset Consumption Ratio	0.17	N/A	N/A
Asset Renewal Funding Ratio	0.73	N/A	N/A

The above ratios are calculated as follows:

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

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