



Annual Report

2012 / 2013

Shire of Wagin



Shire of Wagin

2 Arthur Road (PO Box 200) Wagin WA 6315

E-mail: shire@wagin.wa.gov.au Website: www.wagin.wa.gov.au

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Shire Statistics

Population	1,847
Number of Electors	1,315
Number of Dwellings	952
Distance from Perth (km)	227
Area (sq km)	1,950
Suburbs and Localities	Piesseville, Wagin
Library	Trent St, Wagin
Kindergarten	Johnston St, Wagin
Pre-school	Ranford St, Wagin
Secondary School	Ranford St, Wagin
Length of Sealed Roads (km)	260
Length of Unsealed Roads (km)	626
Rates Income	\$1,697,204
Total Revenue	\$6,788,696
Council Employees	28

Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Norring Lake, Marroblie Bird Place, Heritage Walk Trail, Puntapin Rock and Mount Latham.

Local Industries

Wool, Grains, Engineering, Manufacturing, Extractive Industry and Seed working.

Significant Local Events

Wagin Woolorama – incorporates the State Sheep Show and is held on the 2nd weekend in March each year, Australia Day Breakfast – in Wetlands Park, Foundation Day Celebration – at Wagin Historical Village including the Vintage Car Club Rally, Christmas Street Carnival and Wagin Burnouts.



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GENERAL INFORMATION

Your Elected Members

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30th June 2013 are -

Cr PJ (Phillip) Blight – Shire President

Elected to office in 1992, Retiring 2015

- Finance & General Purposes Committee
- Co-Location Committee
- WALGA Central Zone
- Roadwise/LEMC & Safer WA Committee
- Land Conservation District Committee
- Community Resource Centre Committee
- Civic Awards Committee
- Audit Committee
- CEO Performance Review Committee
- Woolorama Committee
- Lakes Sub – Regional Road Group

Cr GR (Greg Ball) – Deputy Shire President

Elected to office in 2007, Retiring 2015

- Finance & General Purposes Committee
- WALGA Central Zone
- CEO Performance Review Committee
- Wagin Woodanilling Landcare Zone
- Works & Services Committee
- Civic Awards Committee
- Audit Committee
- Bushfire Advisory Committee
- Landcare Project Management Committee

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2013

- Works & Services Committee
- Finance & General Purposes Committee
- CEO Performance Review Committee
- Cottage Homes Committee

Cr D (Dale) Lloyd

Elected to office in 2011, Retiring 2015

- Asset Management Committee
- Sportsground Advisory
Community Centre Management
Committee
- Roadwise/LEMC & Safer WA
Committee
- Community Resource Centre
- Audit Committee
- Co-Location Committee

Cr J (Joseph) Shaw

Elected to office in 2009, Retiring 2013

- Finance & General Purposes
Committee
- Asset Management Committee
- Townscape and Tidy Towns
Committee
- Audit Committee

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2013

- Works & Services Committee
- Asset Management Committee
- Reconciliation Action Plan
- Waste Management Committee

Cr C (Cliff) Brockwell

Elected to office in 2012, Retiring 2013

- Finance & General Purposes
Committee
- Audit Committee
- Community Resource Centre

Cr R (Ron) Walker

Elected to office in 2011, Retiring 2015

- Audit Committee
- Townscape & Tidy Towns
Committee
- Sportsground Advisory
Community Centre Management
Committee
- Waste Management & Recycling
Committee
- Cottage Homes Committee
- Roadwise/LEMC & Safer WA
Committee
- School Bus Committee
- Woolorama Committee
- Frail Aged Homes Committee
- Wagin Woodanilling Landcare
Zone
- Bushfire Advisory Committee

Cr G (Geoff) West

Elected to office in 2009, Retiring 2013

- Works & Services Committee
- Community Bus Committee
- Wagin Tourism Committee
- Historical Village Committee
- Skate Park Committee
- Wagin/Woodanilling Landcare Zone
- Townscape & Tidy Towns Committee
- Waste Management and Recycling Committee

Cr EN (Ted) Pugh

Elected to office in 2011, Retiring 2015

- Asset Management Committee
- Townscape and Tidy Towns Committee
- Frail Aged Homes Committee
- Waste Management and Recycling Committee
- Community Centre Committee
- Community Bus Committee

Cr G (Gerard) Hegarty

Elected to office in 2009, Retiring 2013

- Waste Management and Recycling Committee
- Works & Services Committee
- Townscape and Tidy Towns Committee
- Asset Management Committee
- Sportsground Advisory Community Centre Management Committee
- Co-Location Committee
- Community Centre Committee
- Skate Park Committee

Elections are held biennially on the second Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the fourth Tuesday of each month except in January where no meeting is planned. All ordinary Council meetings commence at 7.00pm. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website www.wagin.wa.gov.au.

Management

Chief Executive Officer	Peter Webster
Manager of Finance and Corporate Services	Vacant
Manager of Works	Allen Hicks
Manager of Community and Regulatory Services	Carolyn Webster
Environmental Health Officer & Building Surveyor	Steve Friend
Auditor	Byfields 30 Keymer Street Belmont WA 6104
Bank	National Australia Bank Tudor St Wagin WA 6315

Shire Presidents Report

It is with great pleasure that I present the Annual Report for 2012/2013

Councillors and staff have worked diligently through out the year to provide for the needs of the community whilst continuing to plan for the long term future of the shire.



The Council continued to work to meet the requirements of the State Government's new Integrated Planning and Reporting process. This included the development of a Community Strategic and Corporate Plan. In this plan the Shire has outlined key strategies that will address these areas over the next four years, while also developing further long term objectives and aspirations in full consultation with the community in the foreseeable future.

Council was fortunate enough to again receive \$394,637 through the Royalties for Regions Country Local Government Fund. The funds were not received until late in the financial year so these funds will be carried over to the 2013/2014 financial year to complete infrastructure projects identified in Council's Forward Capital Works Program.

Council's Royalties for Regions Country Local Government Fund Regional component was spent on the Regional Aged Housing project. This enabled Council to build four new aged units as part of Wagin's Cottage Homes.

This year saw Council have a strong focus on economic development within the Shire and region. This focus saw the establishment of the Economic Development Advisory Committee and the adoption of our first Economic Development Strategy. This strategy will see Council commit funds and resources to this critically important area for the development and well being of the Shire.

Council again has been active over the last year to accommodate our thriving community. Our aim is to maintain and improve its facilities both in the townsite and rural areas. Significant projects and achievements during 2012/2013 were:

- Completion of the first stage of the redevelopment of the Wagin Swimming Pool.
- Installation of a shelter and furniture at the Skate Park.
- Building of four new cottage homes.
- Purchase of industrial lots from the State Government for future use.
- Installation of a new IT and Accounting computer system at the Administration Office.
- Undertaking and completion of an extensive capital road works program.
- Purchase of a new Loader and Thirteen Tonne Truck for our Works crew.

Council hosted a New Residents Reception in the Eric Farrow Pavilion in April 2013, this again proved to be a very popular function with some 40 people attending including 12 new residents. The Shire also held a very successful Harvest Carnival; this event was attended by hundreds of residents who enjoyed free activities and entertainment.

Council also assisted the Wagin Agricultural Society hold another very successful Woolorama.

Earlier this year we said goodbye to Len Calneggia, the Shire Chief Executive Officer since early 2009. Len provided great leadership to Council, Staff and the Community and presided over many initiatives

and projects over the past four years. I would like to thank both Len and his wife Elsie for their commitment to Wagin and wish them both the very best wishes for the future.

After an extensive process to find a new CEO we were very fortunate to secure the services of Peter Webster. Peter commenced in April and brings a wealth of knowledge and experience to the position. Both Peter and his wife Robyn are very community minded and will make a positive impact on the community.

The Shire of Wagin remains in a sound financial position with good reserve levels and manageable debt levels, however we will continue to undertake extensive financial planning to maintain community service levels and Council's extensive infrastructure and asset network.

I would take this opportunity to thank my fellow Councillors, senior management, staff and volunteers for their hard work and dedication to the Shire of Wagin.

Cr Phillip Blight
Shire President



Citizenship Ceremony

Chief Executive Officer's Report

It is with pleasure that I present my first report as Chief Executive Officer of the Shire of Wagin. Commencing in the role in May 2013 I have spent the final two months of the year familiarising myself with the Town and Council.



It is my intention in the upcoming months to review the Shire's operations with a view to improving the way we operate, improving efficiencies and service delivery.

I wish to acknowledge my predecessor Len Calneggia as most of the following report pertains to the period that he was the Chief Executive Officer.

The 2012/2013 Annual Budget was adopted by Council at the August Council meeting on the 14th August 2012 incorporating an overall increase in rates of 5%. Council retained the option of offering a 5% discount for rates paid in full within 35 days of being issued and this again proved popular.

Integrated Planning & Reporting

Council was very busy in preparing the required plans to meet the Local Government's new Integrated Planning and Reporting framework. This saw Dominic Carbone engaged to complete the Shire's Asset Management Plan and Long Term Financial Plan, and Marg Hemsley to carry out the Shire's Workforce Plan, Strategic Community Plan and Corporate Plan.

Councillors and Senior Staff have played a major role in formulating these plans and to ensure that this focus remains at the forefront of everything we do, Council is committed to open consultation, community engagement and regional cooperation to ensure the Wagin district remains a fine example of a strong rural community with progressive ideas and strategies for sustainability and growth.

The Integrated Planning and Reporting process will enable Council to address the aspirations of the community and the strategies and activities the Council will undertake to deliver them wherever and whenever possible.

Structural Reform

The State Governments focus on structural reform continues to be in the metropolitan region. Structural reform in the country has gone very quiet, however Council will continue to work with neighbouring shires and the shires that make up our regional alliance of 4WDL being West Arthur, Woodanilling, Williams, Dumbleyung and Lake Grace.

Economic Development

The past year has seen a renewed focus on economic development and has resulted in the creation of an Economic Development Committee which is made up of members of Council and a number of business and community leaders.

With the assistance of consultants Calmy Planning and Design, Wagin's first ever Economic Development strategy was formulated. The strategy was driven by the committee and community members to ensure there was a clear focus on future economic actions and outcomes for the Shire.

Landcare

Council continues to support Landcare activities in conjunction with the Shire of Woodanilling. Landcare offers good support to our farming communities and have managed to attract funds for on ground works for the benefit of many. Long standing Landcare Manager Danielle Perrie has taken one years maternity with Veronika Crouch coming on board as manager in her absence.

Waste Management

Council continues to be the lead council in a group of eleven other Local Governments to look for a suitable site in which to replace respective waste sites for each Council and with the weight of numbers develop and manage a landfill site for all group members. This year has again proven to be a lengthy and difficult task, however a suitable regional site has been located in Cuballing, this will enable the group to move forward and achieve our waste management goals.

Swimming Pool Redevelopment

Stage one of the Wagin Swimming Pool redevelopment was completed in October 2012 with the pool opening to the public in November. The pool has undergone an amazing transformation to one of the most modern and user friendly swimming pools in the region. The disabled access ramp will ensure the pool is used by all ages and abilities for decades to come. Wet Deck Pools should be commended for a magnificent job on the redevelopment.



New Leisure Pool

Planning for Stage two of the development is well underway, this will see the provision of a new managers office, kiosk, changerooms and community area. It is anticipated this will be completed in time for the 2014 pool season.

Land Development

Council secured eight industrial lots in Vernal and Vale Streets in the town's industrial zoned area. The lots were purchased from the State Government for \$48,000 and in time will be made available for future Council or business use.

Policy and Statutory Requirements

During 2012/2013 Council was required to meet statutory obligations under the Local Government Act and other legislation, all these requirements were fulfilled by staff. Management also carried out a complete review of all Council policies, this review was adopted by Council. The Council also introduced two new policies being the Local Planning Policy for Heritage and the Advertising Signs Policy.

Council again assisted the Wagin Agricultural Society in putting on another very successful Woolorama; we also organised or assisted with many more community and sporting events throughout the year.

I would like to take this opportunity to thank Council, staff and the community for making me feel so welcome in Wagin and acknowledge the work throughout the year by Shire President, Cr Phillip Blight and all the Council members.

I would also like to acknowledge our staff whose hard work and dedication also needs special mention.

Peter Webster
Chief Executive Officer

CORPORATE SERVICES

Annual Financials and Audit Report

Council's Annual Financial Report for the 30th June 2013 was audited by Dale Woodruff of Byfields. A copy of the Annual Financial report and Audit report is tabled later in the report.

Freedom of Information Act

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2012/2013 no applications were received for information under the terms of this legislation.

Employee Remuneration

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

	2012/2013	2011/2012
Salary Range \$120,000 - \$129,999	1	1

National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

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

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest. A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed; the conclusions of those reviews and a forward strategy for all local laws are still to be reviewed.

No new Local Laws were created in 2012/2013 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2012/2013 consequently there were no obligations to report in this area.

State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

The Shire of Wagin Record keeping Plan was endorsed by the Commission during 2003/04. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009.

Council's Executive Assistant is delegated the task of maintaining the filing and record system of the shire and attends appropriate training courses and seminars to help build skills and knowledge of this function.

Later this year a new electronic records keeping system will be implemented, this will ensure Council is meeting its record keeping obligations.



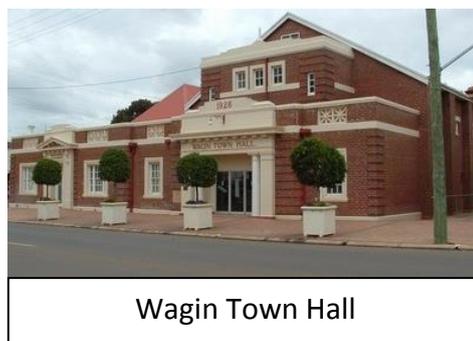
Former CEO Len Calneggia and Long Serving Librarian Rita Jarick

REGULATORY SERVICES

Building and Asset Management

Our Municipal Inventory is now on the Heritage Commission website. New concept drawings have been completed of the shops in the main CBD with an express purpose of the owners upgrading them to reflect their original early 1900's heritage. The Shire celebrated with the Community the upgraded airstrip and is now looking at future potential for expanding the use of the Aerodrome.

Our Building Maintenance officer completed 255 jobs during the year. The Swimming Pool Stage 1 Redevelopment was completed and the new facilities attracted significantly higher patronage. The accessible ramp has been applauded by swimmers with mobility problems and the new Leisure Pool is loved by our younger people. The Town Crew extended the Caravan Park, renovated the Town Park Gazebo and undertook extensive upgrades to our Parks and Gardens.



Wagin Town Hall



Swimming Pool
Redevelopment

Upgrades to the Admin Reception area will be completed late 2013 and plans for the Swimming Pool Stage 2 Redevelopment are with local builders. A new Fire Truck Shed at Wedgecarrup is in the process of being constructed using contract staff. Other associated upgrades to the Wedgecarrup Hall were also addressed. The new fire truck shed will be completed before the anticipated delivery of the new Wedgecarrup fire truck in November.

A new CEO House is being built and due for completion early 2014.

The Shire approved thirty one new building licenses in the 2012/2013 year. The total value of these approvals was \$2,330,432 with the construction of five new residential houses and 5 residential units. The amount of \$7,265 in building fees was collected during the year.

Ranger Services

The Shire has received minimal complaints relating to dogs. New Cat and Dog Legislation announcements have been released for resident's information.

Emergency Management

New Fire Management Requirement notices were developed and distributed, 50 letters of warning were sent to property owners. Almost 100% compliance resulted in response to these warnings. Three staff completed their Bushfire officers Course. An Emergency Management pre-season check of equipment and a presentation by DFES was held prior to the fire season.

Occupational Health & Safety

Staff attended Regional OHS Meetings and commenced a review of all OHS policies and procedures. Local Government Insurance conducted medical screening for all staff. Additionally Skin Cancer Screenings were also undertaken. Concentrated effort in encouraging staff to wear PPE, improved procurement of chemicals and the establishment of a mobile portable toilet for Works Crew were all undertaken.

Various safety advice to staff based on reported incidents from other Shires and industry were included in regular Tool Box meetings.

Community Safety

Maintenance of all CCTV systems were completed and the Police managed to use footage to charge and prosecute people for offences. A grant to purchase “covert cctv cameras” was successful and four cameras have been purchased for Police to use. Repeated complaints from residents regarding noisy and often dangerous use of recreational off road powered vehicles resulted in the Shire erecting signs in the offending reserve areas. This negative activity has almost completely been reversed. Both the Shire and Police are supporting zero tolerance of anti social behaviour. A number of strategies are now in place to reduce or minimise this issue.



Harvest Carnival

WORKS & SERVICES

The Works & Services Division covers a diverse range of functions and service provision and is responsible for the management of the Towns infrastructure assets including roads, footpaths, parks, reserves, stormwater drainage and street trees.

Water Harvesting

Installation of a new pipe line from Puntapin Dam to the Recreation Ground continued during the 2012/2013 year. There were a few issues encountered which delayed progress on the project, it is anticipated the project will be completed in the 2013/2014 year

Capital Works

Capital Roadwork's form a major portion of the Council's annual budget expenditure. Council has in recent years followed a stringent program of resealing works which is aimed at preserving Council's existing sealed road assets. A Five Year Road Program has been developed for future works. Major works completed for this year included:

- Heavy haulage realignment of Airfield Road.
- Gravel sheeting on Norring Delyanine, Boyalling, Warup North, Dwelyerdine, Ballaying South , Behn Ord, and Spriggs Fraser Roads.
- Continued surface corrections and resealing of Ballagin and Jaloran Roads.
- Clear and widen shoulders on Beaufort, Dongolocking & Bullock hills Roads.
- Seal work on Ventnor, Khedive, Ware Streets and Dongolocking Road.
- Intersection realignment of Beaufort Road and Wendell Street.



Road Maintenance

Grading, rolling, cleaning of drainage and culverts on Council's roads are performed throughout the Shire as part of the Councils maintenance program. Bridge maintenance was also a high priority as was street tree maintenance and weed spraying in both the town site and rural roads.

Storm Damage

In December 2012 a severe thunder storm hit Wagin and the surrounding areas causing significant flooding and damage to the Shires road network. The event was declared a natural disaster under the Western Australian Natural Disaster Relief and Recovery Arrangements. Major repairs to the affected areas were undertaken by Shire staff and local contractors. The storm damage cost to the Shire was \$148,532, approximately 75% of this cost will be recouped form state government agencies.



COMMUNITY SERVICES

Disability Access and Inclusion Plan

The Shire reviewed and submitted its Disability Access and Inclusion Plan which has resulted in footpath upgrades and other improved access initiatives.

It is a requirement under section 29m (2) of the Disabilities Services Act 1993 to report on the following outcomes in Council's approach to assisting disabled people.

Outcome 1: Existing functions, facilities and services are adopted to meet the needs of people with disabilities.

Council continued its policy of taking into consideration the needs of people with disabilities wherever practical.

Outcome 2: Access to buildings and facilities are improved.

During 2012/2013 Council continued its town site footpath maintenance program to improve access for all users.

Outcome 3: Information about functions, facilities and services is provided in formats which will meet the communications requirements of people with disabilities.

Council is mindful of the need to keep outgoing information in an easy to understand manner for all its residents and visitors.



Swimming Pool Access Ramp

Outcome 4: Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved.

Staff at the Shire of Wagin are aware of the need to provide appropriate services and advice to people with disabilities.

Outcome 5: Opportunities for people with disabilities to participate in public consultation grievance mechanisms and decision making processes are provided.

Access is available for people with disabilities at the Recreation Centre, Town Hall, Eric Farrow Pavilion and Council Chambers where public meetings, forums, elections and Council Meetings are held.

To ensure that people with disabilities can access all Shire services and facilities the Shire conducted an Access Audit in the previous year. The findings of the Audit have now been included in the general maintenance program and we are now more knowledgeable in respect to key issues including correct signage, lighting, access to and within buildings, car parking, accessible public toilets and what is needed to do to allow better access to public spaces.

This Audit and the Age Friendly Project highlighted the need to upgrade our footpaths, improve spoon curbs and increase the number of accessible parking bays in strategic locations.

Health / Aged Care & Home and Community Care (HACC)

One Life Suicide Prevention strategy for Wagin has been signed off and several seminars held. Eight young aboriginal people completed their Drivers Learners Permit through the Shire of Armadale. Detect Cancer Early Workshop; Mobile Mammography; Prostate Cancer; SIHI Expo in Pingelly and meetings with Small Aged Care Providers were all facilitated and or attended by the Shire. The Shire received a grant for the Local Champion Program – Australian Early Child Development Index. A network is being established in Wagin at this time.



Seniors Week Celebrations

Home and Community Care services has cared for 90 clients across Wagin and West Arthur provided by 15 staff. A further 55 volunteers delivered meals on wheels throughout the year. The annual Seniors Week was celebrated with a concert at the Town Hall with visiting artists and local personalities entertaining over 100 of our seniors. This very valued service is expected to grow over the coming years as people are to be supported for longer in their own homes.

The Shire with other 4WDL members participated in a major research study “Wheatbelt Integrated Aged Support and Care Solutions.” The data collected will be used to design and guide future services in the Aged Care area.

Townscape

Local Noongar Gerald Hansen and his family worked for many weeks improving the Old Well site on the entrance to Town. Additionally they completed much needed clean up out at the Puntapin Rock BBQ Park. Their voluntary work was highly commended. Aboriginal Seasons Banners completed by the local school students were sponsored by the Shire under its RAP.

Community Events

The following workshops, events and seminars were held throughout the year with input and sponsorship of the Shire; Heritage Workshop; Family Park Consultation; Swimming Pool Stage (2) public meeting; Great Aussie Campout; Harvest Carnival; Endurance Ride; Tourism and Promotion meetings; Youth Friendly Project; Bread Making Class; Carols by Candlelight; Woolorama; HACC Concert; Vince Garreffa Greek Cooking Class and Long Table Lunch for 60 people; Desert Feet Tour; Barry Cable Motivational Workshop; Kids Sport and more. Heritage and Signage Policies were adopted.



Celebrity Butcher
Vince Gareffa

The Library and Gallery has undergone some significant changes. Our Librarian of 30 years, Rita Jarick, retired in April this year.



Harvest Carnival Performers

Economic Development and Tourism

This year saw the creation of the Wagin Economic Development Committee which oversees all the 19 areas of activity within the Shires Economic Development Plan. Two meetings with Small Business expert John Stanley have been held and a new Tourism and Promotion Committee established. This committee has applied for inclusion in the Dryandra Wine, Food and Art Trail and reviewed six maps, publications and brochures relating to local tourism. A 1.5 minute YouTube on Wagin is now available on the Shires Web page.

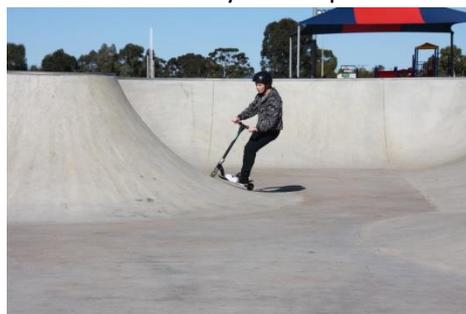
Meetings with consultant Adrian Colley and the South West Land and Sea Council both paved the way for possible employment opportunities for local aboriginal people.

Integrated Planning

The Shire conducted community consultation for its overall planning activities, 1000 postcards were distributed to local people and the information was used to review our Community Strategic Plan. All staff participated in a Workforce Planning workshop and a new staffing structure will be implemented early 2014.

Sport and Recreation

A new Pool Manager and Club Development Officer have both been appointed. Grant funding of \$161,000 was secured through the Department of Sport and Recreation to be used in upgrading the facilities at the Swimming Pool. The Shire has worked closely with the Community Development Foundation and YMCA to support targeted sporting initiatives. Sixteen clubs attended a Grant Writing workshop and a new Basketball Association was established. We now see over 30 people regularly attend weekly Tae Kwon-do classes a new sport for Wagin



Wagin Skate Park

SHIRE OF WAGIN



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

The attached financial report of the Shire of Wagin 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 Wagin 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 on the 10th day of October 2013



Peter Webster
Chief Executive Officer

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	1,784,340	1,792,100	1,697,204
Operating Grants and Subsidies, Reimbursements & Donations	28	1,896,675	1,312,361	2,266,367
Fees and Charges	27	530,403	567,590	564,828
Interest Earnings	2(a)	119,202	138,108	137,355
Other Revenue		171,221	147,299	146,423
		<u>4,501,841</u>	<u>3,957,458</u>	<u>4,812,177</u>
Expenses				
Employee Costs		(1,888,863)	(1,908,535)	(1,804,491)
Materials and Contracts		(1,273,235)	(1,288,775)	(1,250,807)
Utility Charges		(296,811)	(258,180)	(225,751)
Depreciation on Non-Current Assets	2(a)	(1,083,011)	(1,089,935)	(1,029,905)
Interest Expenses	2(a)	(57,799)	(57,799)	(41,856)
Insurance Expenses		(100,300)	(104,767)	(90,731)
Other Expenditure		(104,549)	(270,287)	(201,913)
		<u>(4,804,568)</u>	<u>(4,978,278)</u>	<u>(4,645,454)</u>
		(302,727)	(1,020,820)	166,723
Non-Operating Grants, Subsidies and Contributions	28	1,771,568	2,323,792	1,354,935
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Profit on Asset Disposals	20	78,887	109,228	454,861
Loss on Asset Disposal	20	0	0	0
		<u>1,547,728</u>	<u>1,412,200</u>	<u>1,976,519</u>
Net Result				
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	269,001	0	0
		<u>269,001</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income				
		<u>1,816,729</u>	<u>1,412,200</u>	<u>1,976,519</u>
Total Comprehensive Income				

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

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		6,722	7,500	8,528
General Purpose Funding		3,322,238	2,722,480	3,537,584
Law, Order, Public Safety		35,975	43,400	76,390
Health		73,299	73,820	70,622
Education and Welfare		369,733	349,418	340,614
Community Amenities		341,240	292,250	307,755
Recreation and Culture		66,447	73,210	90,312
Transport		102,062	186,570	94,129
Economic Services		64,385	59,650	47,187
Other Property and Services		119,740	149,160	239,056
	2(a)	4,501,841	3,957,458	4,812,177
Expenses				
Governance		(252,941)	(280,074)	(303,720)
General Purpose Funding		(418,829)	(467,294)	(334,834)
Law, Order, Public Safety		(179,195)	(176,186)	(213,365)
Health		(273,802)	(271,880)	(283,343)
Education and Welfare		(444,177)	(486,257)	(422,192)
Community Amenities		(442,944)	(528,117)	(448,648)
Recreation and Culture		(803,789)	(765,534)	(670,152)
Transport		(1,444,660)	(1,378,896)	(1,364,357)
Economic Services		(244,758)	(245,409)	(193,908)
Other Property and Services		(241,674)	(320,832)	(369,079)
	2(a)	(4,746,769)	(4,920,479)	(4,603,598)
Finance Costs				
Health		0	0	(1,376)
Education and Welfare		0	0	(14,788)
Recreation and Culture		(30,606)	(30,606)	(16,384)
Economic Services		(3,998)	(3,998)	0
Other Property and Services		(23,195)	(23,195)	(9,308)
	2(a)	(57,799)	(57,799)	(41,856)
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
General Purpose Funding		0	0	0
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		1,093,125	1,294,906	346,906
Law Order & Public Safety		2,385	58,464	17,600
Recreation & Culture		0	210,000	55,000
Transport		676,058	760,422	935,429
		1,771,568	2,323,792	1,354,935
Profit/(Loss) on Disposal of Assets				
Governance		12,711	15,900	1,643
Health		17,339	17,400	0

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Recreation & Culture	0	0	2,630
Transport	48,837	26,500	34,744
Other Property & Services	0	49,428	415,844
	<u>78,887</u>	<u>109,228</u>	<u>454,861</u>
Net Result	<u>1,547,728</u>	<u>1,412,200</u>	<u>1,976,519</u>
Other Comprehensive Income			
Changes on revaluation of non-current assets	12 <u>269,001</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income	<u>269,001</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income	<u><u>1,816,729</u></u>	<u><u>1,412,200</u></u>	<u><u>1,976,519</u></u>

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

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

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,860,516	3,207,216
Trade and Other Receivables	4	712,110	183,522
Inventories	5	43,352	42,836
TOTAL CURRENT ASSETS		2,615,978	3,433,574
NON-CURRENT ASSETS			
Other Receivables	4	175,617	178,594
Inventories	5	0	0
Property, Plant and Equipment	6	9,413,070	7,461,582
Infrastructure	7	21,215,483	20,801,133
TOTAL NON-CURRENT ASSETS		30,804,170	28,441,309
TOTAL ASSETS		33,420,148	31,874,883
CURRENT LIABILITIES			
Trade and Other Payables	8	273,988	381,121
Long Term Borrowings	9	60,340	57,118
Provisions	10	261,701	371,207
TOTAL CURRENT LIABILITIES		596,029	809,446
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	904,930	965,271
Provisions	10	27,774	25,480
TOTAL NON-CURRENT LIABILITIES		932,704	990,751
TOTAL LIABILITIES		1,528,733	1,800,197
NET ASSETS		31,891,415	30,074,686
EQUITY			
Retained Surplus		26,268,947	24,567,985
Reserves - Cash Backed	11	1,460,297	1,613,531
Revaluation Surplus	12	4,162,171	3,893,170
TOTAL EQUITY		31,891,415	30,074,686

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

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**SHIRE OF WAGIN
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		23,166,985	1,038,012	3,893,170	28,098,167
Changes in Accounting Policy		0	0	0	0
Correction of Errors		0	0	0	0
<hr/>					
Restated Balance		23,166,985	1,038,012	3,893,170	28,098,167
Comprehensive Income					
Net Result		1,976,519	0	0	1,976,519
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		1,976,519	0	0	1,976,519
Reserve Transfers		(575,519)	575,519	0	0
<hr/>					
Balance as at 30 June 2012		24,567,985	1,613,531	3,893,170	30,074,686
Comprehensive Income					
Net Result		1,547,728	0	0	1,547,728
Changes on Revaluation of Non-Current Assets	12	0	0	269,001	269,001
Total Other Comprehensive Income		1,547,728	0	269,001	1,816,729
Reserve Transfers		153,234	(153,234)	0	0
<hr/>					
Balance as at 30 June 2013		26,268,947	1,460,297	4,162,171	31,891,415

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

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,781,770	1,796,100	1,699,947
Operating Grants and Subsidies, Contributions, Reimbursements and Donations		1,896,675	1,320,361	2,266,367
Fees and Charges		33,969	621,478	689,945
Interest Earnings		119,202	138,108	137,355
Goods and Services Tax		114,744	150,000	150,000
Other Revenue		171,221	147,299	146,423
		<u>4,117,581</u>	<u>4,173,346</u>	<u>5,090,037</u>
Payments				
Employee Costs		(1,888,863)	(1,908,535)	(1,804,491)
Materials and Contracts		(1,505,939)	(1,388,348)	(1,356,073)
Utility Charges		(296,811)	(268,180)	(225,751)
Insurance Expenses		(100,300)	(104,767)	(90,731)
Interest expenses		(57,999)	(57,799)	(39,846)
Goods and Services Tax		(131,957)	(150,000)	(152,585)
Other Expenditure		(104,549)	(270,287)	(201,913)
		<u>(4,086,418)</u>	<u>(4,147,916)</u>	<u>(3,871,390)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>31,163</u>	<u>25,430</u>	<u>1,218,647</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(2,351,672)	(3,466,253)	(1,428,222)
Payments for Construction of Infrastructure		(1,001,431)	(1,440,380)	(1,387,786)
Payments for Purchase of Investments				0
Non-Operating Grants, Subsidies and Contributions		1,771,568	2,323,792	1,354,935
Proceeds from Sale of Plant & Equipment		252,142	385,000	705,182
		<u>252,142</u>	<u>385,000</u>	<u>705,182</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(1,329,393)</u>	<u>(2,197,841)</u>	<u>(755,891)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(57,118)	(57,118)	(53,874)
Proceeds from Self Supporting Loans		8,649	8,649	8,075
Proceeds from New Debentures		0	0	400,000
		<u>0</u>	<u>0</u>	<u>400,000</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(48,469)</u>	<u>(48,469)</u>	<u>354,201</u>
Net Increase (Decrease) in Cash Held		<u>(1,346,699)</u>	<u>(2,220,880)</u>	<u>816,957</u>
Cash at Beginning of Year		3,207,215	3,207,216	2,390,259
Cash and Cash Equivalents				
at the End of the Year	13(a)	<u>1,860,516</u>	<u>986,336</u>	<u>3,207,216</u>

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

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

NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue			
Governance	19,433	23,400	10,171
General Purpose Funding	2,631,023	2,225,286	2,187,286
Law, Order, Public Safety	38,360	101,864	93,990
Health	90,638	91,220	70,622
Education and Welfare	369,733	349,418	340,614
Community Amenities	341,240	292,250	307,755
Recreation and Culture	66,447	283,210	147,942
Transport	826,957	973,492	1,064,302
Economic Services	64,385	59,650	47,187
Other Property and Services	119,740	198,588	654,900
	<u>4,567,956</u>	<u>4,598,378</u>	<u>4,924,769</u>
Expenses			
Governance	(252,941)	(280,074)	(303,720)
General Purpose Funding	(418,829)	(467,294)	(334,834)
Law, Order, Public Safety	(179,195)	(176,186)	(213,365)
Health	(273,802)	(271,880)	(284,719)
Education and Welfare	(444,177)	(486,257)	(436,980)
Community Amenities	(442,944)	(528,117)	(448,648)
Recreation and Culture	(834,395)	(796,140)	(686,536)
Transport	(1,444,660)	(1,378,896)	(1,364,357)
Economic Services	(248,756)	(249,407)	(193,908)
Other Property and Services	(264,869)	(344,027)	(378,387)
	<u>(4,804,568)</u>	<u>(4,978,278)</u>	<u>(4,645,454)</u>
Net Result Excluding Rates	(236,612)	(379,900)	279,315
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
Initial Recognition of Assets Due to Change to Regulations			
- Land	0	0	0
(Profit)/Loss on Asset Disposals	20 (78,887)	(109,228)	(454,861)
Movement in Accrued Interest	(200)	0	2,009
Movement in Deferred Pensioner Rates (Non-Current)	(6,287)	0	(7,379)
Movement in Accrued Salaries and Wages	6,075	0	5,904
Movement in Employee Benefit Provisions (Non-Current)	(107,212)	0	22,208
Depreciation and Amortisation on Assets	2(a) 1,083,011	1,089,935	1,029,905
Capital Expenditure and Revenue			
Purchase Land Held for Resale	0	0	0
Purchase Land and Buildings	(1,569,266)	(2,651,453)	(939,409)
Purchase Infrastructure Assets - Roads	(961,198)	(1,148,153)	(766,328)
Purchase of Infrastructure - Other	(40,233)	(292,227)	(621,458)
Purchase Plant and Equipment	(652,997)	(685,300)	(420,140)
Purchase Furniture and Equipment	(129,409)	(129,500)	(68,673)
Proceeds from Disposal of Assets	20 252,142	385,000	705,182
Repayment of Debentures	21 (57,118)	(57,118)	(53,874)
Proceeds from New Debentures	21 0	0	400,000
Self-Supporting Loan Principal Income	8,649	8,649	8,075
Transfers to Reserves (Restricted Assets)	11 (201,269)	(339,654)	(626,176)
Transfers from Reserves (Restricted Assets)	11 354,503	1,016,849	50,657
Estimated Surplus/(Deficit) July 1 B/Fwd	22(b) 1,472,819	1,500,000	1,230,658

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Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	920,851	0	1,472,819
Total Amount Raised from General Rate	22(a)	<u>(1,784,340)</u>	<u>(1,792,100)</u>	<u>(1,697,204)</u>

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

SHIRE OF WAGIN
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 WAGIN
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 WAGIN
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 WAGIN
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 WAGIN
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 WAGIN
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	50 years
Furniture and Equipment	10 years
Computer & Electronic Equipment	3 years
Plant and Equipment	10 years
Trucks	7 years
Sedans	4 years
Other Plant & Equipment	10 years
Infrastructure Assets	
Sealed Roads and Streets	50 Years
Unsealed Roads	50 Years
Footpaths & Walkways	40 years
Drainage	50 Years
Pedestrian Bridges - Wood	20 Years
Vehicle Bridges - Wood	20 Years
Vehicle Bridges - Concrete	75 Years
Culverts - Wood	20 Years
Culverts - Concrete	75 Years
Dams	75 Years
Tanks & Reservoirs	35 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 with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$3,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

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

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

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

(m) Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

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

(o) Leases

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

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

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

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

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

(p) Investments in Associates

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

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

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

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

(r) Rates, Grants, Donations and Other Contributions

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

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

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

(s) Superannuation

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

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

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

(w) Budget Comparative Figures

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

**\SHIRE OF WAGIN
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	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9	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).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			

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

**SHIRE OF WAGIN
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	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.
	[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]			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 WAGIN
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. This Standard is not expected to significantly impact on the Council’s financial statements.
(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	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 WAGIN
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 WAGIN
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:		
Auditors Remuneration		
- Audit of the financial report	13,490	12,000
Depreciation		
Buildings	134,856	110,702
Furniture and Equipment	62,950	74,015
Plant and Equipment	297,538	283,669
Infrastructure	587,081	561,167
Tools	586	352
	<u>1,083,011</u>	<u>1,029,905</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	57,799	41,856
	<u>57,799</u>	<u>41,856</u>
Rental Charges		
- Operating Leases	40,750	41,856
	<u>40,750</u>	<u>41,856</u>
	2013	2013
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	69,470	72,608
- Other Funds	34,740	50,000
Other Interest Revenue (<i>refer note 26</i>)	14,992	15,099
	<u>119,202</u>	<u>137,707</u>
	<u>119,202</u>	<u>138,108</u>
		<u>137,355</u>

SHIRE OF WAGIN
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

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

GOVERNANCE

Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.

GENERAL PURPOSE FUNDING

Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.

LAW, ORDER, PUBLIC SAFETY

Includes costs associated with fire prevention and control, control of dogs and other animals, abandoned vehicles and supervision of associated local laws.

HEALTH

Includes costs associated with maternal and infant health, analytical expenses ie water sampling, the running of the Regional Health Scheme together with the Shires of West Arthur and Williams, pest control and the building maintenance costs of the Wagin Medical Centre.

EDUCATION AND WELFARE

Includes costs associated with the running of the Wagin Pre-School, maintenance of the Wagin District High School oval, the running of the Wagin Home and Community Care Program, including Community Aged Care Packages and Wagin Frail Aged Lodge.

COMMUNITY AMENITIES

Includes provision for the collection and disposal of residential, commercial and industrial refuse, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.

RECREATION AND CULTURE

Includes costs associated with public halls, the Wagin Memorial Swimming Centre, sportsground maintenance and sportsground buildings maintenance, the provision of library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.

TRANSPORT

Includes upgrading, constructing, sealing, resealing and ongoing maintenance costs associated with roads, footpaths and parking facilities, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.

ECONOMIC SERVICES

Includes control of declared flora and fauna, works associated with Council's inclusion as part of the Rural Town's programme, LCDC projects, tourism and area promotion, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.

OTHER PROPERTY AND SERVICES

Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside work crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.

Shire of Wagin
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SHIRE OF WAGIN
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 (*)	Received (+)	Expended (#)	Closing Balance (*)	Received (+)	Expended (#)	Closing Balance 30-Jun- 13
		1-Jul-11 \$	2011/12 \$	2011/12 \$	30-Jun-12 \$	2012/13 \$	2012/13 \$	13 \$
Community Aged Care Packages	Education & Welfare	39,827	0	0	39,827	0	(4,933)	34,894
Roads to Recovery	Transport	0	242,563	(242,563)	0	242,563	(242,563)	0
Beaufort Rd Bridge Grant	Transport	41,080	0	(38,059)	3,021	0	(3,021)	0
Regional Refuse Group	Community Amenities	61,475	55,000	(51,550)	64,925	57,500	(39,842)	82,583
Crime Prevention Grant & Youth Action Group	Law, Order & Public Safety	12,000	0	0	12,000	0	(12,000)	0
Community Safety Fund - CCTV	Law, Order & Public Safety	14,625	0	(14,625)	0	0	0	0
Community Safety Fund - CCTV Stage 2	Law, Order & Public Safety	25,000	0	(25,000)	0	0	0	0
Royalties for Regions 2010 / 2011	General Purpose Funding	278,737	0	(278,737)	0	0	0	0
RLCIP 10/11	General Purpose Funding	30,000	0	(30,000)	0	0	0	0
Club Development Officer 2010/2011	Recreation & Culture	3,330	10,000	(8,502)	4,828	0	0	4,828
2010/2011 Dry Season Assistance	Education & Welfare	13,275	0	(13,275)	0	0	0	0
OCP Keep it Safe Initiative	Law, Order & Public Safety	2,900	0	(2,900)	0	0	0	0
LTFP / Asset Mgmt Grant	General Purpose Funding	25,000	0	0	25,000	0	(10,765)	14,235
Reconciliation Action Plan	Other Property & Services	2,891	0	(1,123)	1,768	0	(1,208)	560
Seniors Advocacy Grant	Education & Welfare	8,125	0	(4,096)	4,029	0	(1,031)	2,998
Royalties for Regions 2011 / 2012	General Purpose Funding	0	346,906	(313,906)	33,000	0	(33,000)	0

Shire of Wagin
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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Cont)		Opening Balance (*)	Received (+)	Expended (#)	Closing Balance (*)	Received (+)	Expended (#)	Closing Balance 30-Jun- 13
Grant/Contribution	Function/ Activity	1-Jul-11 \$	2011/12 \$	2011/12 \$	30-Jun-12 \$	2012/13 \$	2012/13 \$	13 \$
Royalties for Regions 2012 / 2013	General Purpose Funding	0	0	0	0	346,906	0	346,906
Reconciliation Grant 2011/2012	Other Property & Services	0	3,000	0	3,000	0	(1,501)	1,499
Integrated Planning - Asset Management	General Purpose Funding	0	70,000	(18,652)	51,348	0	(41,831)	9,517
Integrated Planning - Srat Community Plan	General Purpose Funding	0	45,000	(4,500)	40,500	0	(12,846)	27,654
Integrated Planning - Workforce Plan	General Purpose Funding	0	0	0	0	25,000	(10,669)	14,331
Cat Act Grant	Law, Order & Public Safety	0	0	0	0	2,535	0	2,535
Covert Cameras for CCTV	Law, Order & Public Safety	0	0	0	0	2,367	0	2,367
Total		558,265	772,469	(1,047,488)	283,246	676,871	(415,210)	544,907

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

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Unrestricted	1,200	850
Cash at Bank - Municipal	399,019	1,592,835
Restricted Reserves	1,460,297	1,613,531
	1,860,516	3,207,216
 Cash at Bank Municipal		
Unrestricted Cash	(159,840)	1,097,440
Restricted Cash - Unpsent Grants (refer to Note 2c)	544,907	283,246
Restricted Cash - Unpsent Loans (refer to Note 22c)	15,152	212,999
	400,219	1,593,685
 The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	84,876	62,198
Plant Reserve	102,264	217,883
Municipal Buildings Reserve	565,477	548,515
Recreation & Development Reserve	144,022	257,772
Administration Centre Furniture & Equipment Reserve	2,295	2,200
Recreation Centre Equipment Reserve	10,405	8,250
Aerodrome Maintenance Development Reserve	1,933	1,853
Land Development Reserve	101,071	142,918
Community Bus Reserve	60,865	53,561
HACC Plant & Leave Reserve	143,684	128,166
Refuse Waste Management Reserve	104,994	76,692
Wagin Water Management Plan Reserve	118,411	113,523
Refuse Site Rehabilitation Reserve	20,000	0
	1,460,297	1,613,531
 4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	135,213	129,388
Provision for Doubtful Debts - Rates	(76,930)	(67,388)
Sundry Debtors	619,879	113,444
Provision for Doubtful Debts - Sundry Debtors	(10,572)	(571)
GST Receivable	35,256	0
Loans - Clubs/Institutions	9,264	8,649
	712,110	183,522
 Non-Current		
Rates Outstanding - Pensioners	66,381	60,094
Loans - Clubs/Institutions	109,236	118,500
	175,617	178,594
 5. INVENTORIES		
Current		
Fuel and Materials	43,352	42,836
	43,352	42,836

SHIRE OF WAGIN
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 - Cost	8,790,531	7,221,265
Less Accumulated Depreciation	<u>(1,753,619)</u>	<u>(1,618,763)</u>
	7,036,912	5,602,502
Furniture and Equipment - Cost	1,221,281	1,091,872
Less Accumulated Depreciation	<u>(732,649)</u>	<u>(669,699)</u>
	488,632	422,173
Plant and Equipment - Valuation 30/06/2013 Cost	1,886,000	2,948,066
Less Accumulated Depreciation	<u>0</u>	<u>(1,513,271)</u>
	1,886,000	1,434,795
Tools - Cost	11,355	11,355
Less Accumulated Amortisation	<u>(9,829)</u>	<u>(9,243)</u>
	1,526	2,112
	<u>9,413,070</u>	<u>7,461,582</u>

Plant and Equipment

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

The revaluations resulted in an overall increase of \$269,001 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Easements

The Council has reviewed all easements in the control at the Shire and have deemed to have a nil value.

**SHIRE OF WAGIN
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 \$	Furniture & Equipment \$	Plant & Equipment \$	Tools \$	Total \$
Balance as at the beginning of the year	5,602,502	422,173	1,434,795	2,112	7,461,582
Additions	1,569,266	129,409	652,997	0	2,351,672
(Disposals)	0	0	(173,255)	0	(173,255)
Depreciation (Expense)	(134,856)	(62,950)	(297,538)	(586)	(495,930)
Revaluation increments / decrements	0	0	269,001	0	269,001
Carrying amount at the	<u>7,036,912</u>	<u>488,632</u>	<u>1,886,000</u>	<u>1,526</u>	<u>9,413,070</u>

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

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation 2013	29,119,991	28,158,793
Roads - Cost	0	0
Less Accumulated Depreciation	<u>(8,948,714)</u>	<u>(8,385,485)</u>
	20,171,277	19,773,308
Infrastructure Other - Cost	1,211,804	1,171,571
Less Accumulated Depreciation	<u>(167,598)</u>	<u>(143,746)</u>
	1,044,206	1,027,825
	<u>21,215,483</u>	<u>20,801,133</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116.

SHIRE OF WAGIN
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 \$	Other \$	Total \$
Balance at the beginning of the year	19,773,308	1,027,825	20,801,133
Additions	961,198	40,233	1,001,431
(Disposals)	0	0	0
Revaluation - Increments - (Decrements)	0 0	0 0	0 0
Depreciation (Expense)	(563,229)	(23,852)	(587,081)
			0
Carrying amount at the end of year	<u>20,171,277</u>	<u>1,044,206</u>	<u>21,215,483</u>

SHIRE OF WAGIN
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	192,056	323,107	
GST Payable	33,510	15,467	
Accrued Interest on Debentures	4,454	4,654	
Accrued Salaries and Wages	43,968	37,893	
	273,988	381,121	
9. LONG-TERM BORROWINGS			
Current			
Secured by Floating Charge Debentures	60,340	57,118	
	60,340	57,118	
Non-Current			
Secured by Floating Charge Debentures	904,930	965,271	
	904,930	965,271	
Additional detail on borrowings is provided in Note 21.			
10. PROVISIONS			
Analysis of Total Provisions			
Current	261,701	371,207	
Non-Current	27,774	25,480	
	289,475	396,687	
	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	196,357	200,330	396,687
Additional provisions	0	0	0
Amounts used	(74,628)	(32,584)	(107,212)
Used amounts reversed			0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2013	121,729	167,746	289,475

SHIRE OF WAGIN
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	62,198	62,198	72,986
Amount Set Aside / Transfer to Reserve	22,678	22,798	4,212
Amount Used / Transfer from Reserve	0	(15,000)	(15,000)
	84,876	69,996	62,198
(b) Plant Reserve			
Opening Balance	217,883	217,883	187,088
Amount Set Aside / Transfer to Reserve	54,381	44,805	30,795
Amount Used / Transfer from Reserve	(170,000)	(170,000)	0
	102,264	92,688	217,883
(c) Municipal Building Reserve			
Opening Balance	548,515	548,515	45,868
Amount Set Aside / Transfer to Reserve	23,616	24,683	502,647
Amount Used / Transfer from Reserve	(6,654)	(450,000)	0
	565,477	123,198	548,515
(d) Recreation and Development Reserve			
Opening Balance	257,772	257,772	248,437
Amount Set Aside / Transfer to Reserve	16,099	16,600	19,335
Amount Used / Transfer from Reserve	(129,849)	(229,849)	(10,000)
	144,022	44,523	257,772
(e) Administration Centre Furniture & Equipment Reserve			
Opening Balance	2,200	2,200	2,080
Amount Set Aside / Transfer to Reserve	95	100	120
Amount Used / Transfer from Reserve	0	0	0
	2,295	2,300	2,200
(f) Recreation Centre Equipment Reserve			
Opening Balance	8,250	8,250	6,098
Amount Set Aside / Transfer to Reserve	2,155	2,171	2,152
Amount Used / Transfer from Reserve	0	(3,000)	0
	10,405	7,421	8,250
(g) Aerodrome Maintenance & Development Reserve			
Opening Balance	1,853	1,853	1,752
Amount Set Aside / Transfer to Reserve	80	83	101
Amount Used / Transfer from Reserve	0	0	0
	1,933	1,936	1,853

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

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Land Development Reserve			
Opening Balance	142,918	142,918	131,720
Amount Set Aside / Transfer to Reserve	6,153	156,431	30,601
Amount Used / Transfer from Reserve	(48,000)	(58,000)	(19,403)
	<u>101,071</u>	<u>241,349</u>	<u>142,918</u>
(i) Community Bus Reserve			
Opening Balance	53,561	53,561	46,875
Amount Set Aside / Transfer to Reserve	7,304	5,911	6,686
Amount Used / Transfer from Reserve	0	0	0
	<u>60,865</u>	<u>59,472</u>	<u>53,561</u>
(j) HACC Plant & Leave Reserve			
Opening Balance	128,166	128,166	121,174
Amount Set Aside / Transfer to Reserve	15,518	5,767	6,992
Amount Used / Transfer from Reserve	0	(5,000)	0
	<u>143,684</u>	<u>128,933</u>	<u>128,166</u>
(k) Refuse Site/Waste Management Reserve			
Opening Balance	76,692	76,692	60,690
Amount Set Aside / Transfer to Reserve	28,302	35,196	16,002
Amount Used / Transfer from Reserve	0	(50,000)	0
	<u>104,994</u>	<u>61,888</u>	<u>76,692</u>
(l) 5 Arnott St Maintenance Reserve			
Opening Balance	0	0	5,914
Amount Set Aside / Transfer to Reserve	0	0	340
Amount Used / Transfer from Reserve	0	0	(6,254)
	<u>0</u>	<u>0</u>	<u>0</u>
(m) Wagin Water Management Plan Reserve			
Opening Balance	113,523	113,523	107,330
Amount Set Aside / Transfer to Reserve	4,888	5,109	6,193
Amount Used / Transfer from Reserve	0	(36,000)	0
	<u>118,411</u>	<u>82,632</u>	<u>113,523</u>
(n) Refuse Site Rehabilitation Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	20,000	20,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>20,000</u>	<u>20,000</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>1,460,297</u>	<u>936,336</u>	<u>1,613,531</u>

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

11. RESERVES - CASH BACKED (Continued)

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

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

Leave Reserve

The purpose of Council's Leave Reserve Account is to provide provisions to meet Council's Long Service Leave and Accrued Annual Leave liabilities so as to minimise the effect on Council's budget from year to year.

Plant Reserve

The purpose of the Plant reserve account is to provide funds for the ongoing replacement and upgrading of motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.

Municipal Buildings Reserve

The purpose of the Municipal Buildings Reserve is to provide funds for the upgrading, renovating or restoration of existing Council owned buildings and the construction of new Council owned buildings, including fences and Council houses.

Recreation & Development Reserve

The purpose of the Recreation & Development Reserve is to provide funds for the expansion, upgrading and development of Council's Recreation facilities. This includes the upgrading of Water supplies and the like for recreational areas within the Shire of Wagin.

Administration Centre Furniture & Equipment Reserve

The purpose of this Reserve is to provide for the purchase of furniture, fittings and equipment with the Council's entire administration building.

Recreation Centre Equipment Reserve

The purpose of the Recreation Centre Equipment is to provide funds for the purchase of additional or replacement equipment utilised at the Wagin Community Recreation Centre including the upgrading or replacement of fixtures and fittings.

Aerodrome Maintenance & Development Reserve

The purpose of this Reserve is to provide for major maintenance type works (eg resealing of apron area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, upgrading buildings, fences, etc) at the Wagin Airstrip.

Land Development Reserve

The purpose of this Reserve is to provide funds for the development of land within the Wagin Shire for the benefit of residents and the good Government of the local authority, as determined by Council. This includes the purchase, subdivision and development of land for industrial, residential, commercial and other purposes, as the need arises and the Council sees fit.

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

11. RESERVES - CASH BACKED (Continued)

Community Bus Reserve

The purpose of this Reserve is to provide funds to allow for the maintenance, upgrade and changeover of the Wagin Community Bus as required from time to time.

HACC Plant & Leave Reserve

The purpose of this Reserve is to provide provisions to meet the HACC long service leave and accrued annual leave liabilities so as to minimise the effect on the HACC budget from year to year and to provide for the replacement of vehicles, should grant monies not be provided or are insufficient to meet requirements.

Refuse Site / Waste Management

The purpose of the Refuse Site / Waste Management Reserve is to provide funds for a new refuse site, restoration of the existing site and future costs for the waste management in working towards zero waste.

5 Arnott Street Maintenance

The purpose of this Reserve is to meet maintenance costs for the Council's 5 Arnott Street property.

Wagin Water Management Plan Reserve

The purpose of the Wagin Water Management Plan is to ensure Council spends the surplus Rural Towns grant and Council funds on measures and projects in line with the water management plan.

Refuse Site Rehabilitation Reserve

The purpose of the Refuse Site Rehabilitation Reserve is to provide funds to rehabilitate the existing refuse site at Brockman Road once the site has been replaced with a Waste transfer Station.

No Council Reserves will be fully utilised in the 2013/2014 financial year.

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	269,001	0
Revaluation Decrement	0	0
Balance as at 30 June 2013	269,001	0

(b) **Roads**

Opening Balance	3,893,170	3,893,170
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2013	3,893,170	3,893,170

TOTAL ASSET REVALUATION RESERVES	4,162,171	3,893,170
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SHIRE OF WAGIN
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>1,860,516</u>	<u>986,336</u>	<u>3,207,216</u>

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

Net Result	1,547,728	1,412,200	1,976,519
Depreciation	1,083,011	1,089,935	1,029,905
(Profit)/Loss on Sale of Asset	(78,887)	(109,228)	(454,861)
(Increase)/Decrease in Receivables	(534,260)	65,888	127,860
(Increase)/Decrease in Inventories	(516)	(2,165)	1,025
Increase/(Decrease) in Payables	(107,133)	(107,408)	(129,074)
Increase/(Decrease) in Employee Provisions	(107,212)	0	22,208
Grants/Contributions for the Development of Assets	(1,771,568)	(2,323,792)	(1,354,935)
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>31,163</u>	<u>25,430</u>	<u>1,218,647</u>

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

Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	14,000		14,000
Credit Card Balance at Balance Date	<u>(2,697)</u>		<u>(2,453)</u>
Total Amount of Credit Unused	<u>11,303</u>		<u>11,547</u>

Loan Facilities

Loan Facilities - Current	60,341		57,118
Loan Facilities - Non-Current	904,930		965,271
Total Facilities in Use at Balance Date	<u>965,271</u>		<u>1,022,389</u>

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

14. CONTINGENT LIABILITIES

Council has no Contingent Liabilities as at 30th June 2013

	2013	2012
	\$	\$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Finance Lease Commitments		
Council has no Finance Leases or Hire Purchase as at 30th June 2013		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	31,969	40,758
- later than one year but not later than five years	0	24,698
- later than five years	0	0
	31,969	65,456

(c) Capital Expenditure Commitments

Council has no Capital Expenditure Commitments as at 30th June 2013

16. JOINT VENTURE

The Shire together with the Shires of West Arthur and Williams have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The cost of the arrangement is calculated on a percentage basis being Wagin 37.50%, William 37.50 % Wandering 12.50% and West Arthur 12.50%

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	781,334	692,743
General Purpose Funding	675,444	265,982
Law, Order, Public Safety	244,596	244,079
Health	302,933	283,272
Education and Welfare	232,557	417,273
Community Amenities	315,591	335,981
Recreation and Culture	4,394,614	4,118,898
Transport	22,190,797	22,169,397
Economic Services	299,956	290,324
Other Property and Services	2,494,453	1,686,090
Unallocated	1,218,872	1,370,844
	33,151,147	31,874,883

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

18. FINANCIAL RATIOS	2013	2012	2011
Current Ratio	1.16	1.77	1.37
Asset Sustainability Ratio	1.53		
Debt Service Cover Ratio	3.83		
Operating Surplus Ratio	0.00		
Own Source Revenue Coverage Ratio	0.95		

The above ratios are calculated as follows:

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

Notes:

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

Council has elected not to calculate previous years ratios as they are new ratios and we deem they are too difficult to calculate.

SHIRE OF WAGIN
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 \$
Deposits - Town Hall	1,050	2,200	(2,400)	850
Deposits - Community Bus	150	2,050	(1,300)	900
Deposits - Rec Centre	912	4,975	(2,775)	3,112
Deposits - Animal Trap	50	200	(250)	0
BCITF	0	1,938	(1,938)	0
BRB	0	1,328	(1,328)	0
Nomination Deposits	0	0	0	0
Other Deposits	1,579	581	(581)	1,579
	1,733	0	0	1,733
In Lieu of Public Open Space	8,200	0	0	8,200
Refuse Site Keys	20	0	0	20
Licensing Takings	9,271	1,027,024	(1,020,000)	16,295
	<u>22,965</u>	<u>1,040,296</u>	<u>(1,030,572)</u>	<u>32,689</u>

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

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 \$
Governance						
Toyota Kluger - W.1	25,595	27,400	28,182	31,000	2,587	3,600
Toyota Rav 4 - W.001	16,418	16,000	22,728	23,000	6,310	7,000
Toyota Aurion - W10000	12,096	11,700	15,910	17,000	3,814	5,300
Health						
Ford Focus - W1017	0	0	6,818	6,000	6,818	6,000
Toyota Torago - W1479	20,388	19,600	30,909	31,000	10,521	11,400
Transport						
Cat Loader	79,502	83,600	92,000	10,000	12,498	16,400
Ranger / Works Ute	0	0	9,091	5,000	9,091	5,000
2010 Holden Colorado W1008	18,021	16,900	27,868	22,000	9,847	5,100
Plant Trailer	1,235	0	18,636	0	17,401	0
Other Property & Services						
Lot 66 Marks Court	0	28,524	0	40,000	0	11,476
Lot 67 Marks Court	0	28,524	0	40,000	0	11,476
Lot 69 Marks Court	0	28,524	0	40,000	0	11,476
Industrial blocks	0	15,000	0	30,000	0	15,000
			0			
	173,255	275,772	252,142	295,000	78,887	109,228

SHIRE OF WAGIN
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 and Culture								
131 Recreation Centre	110,293		5,991	5,991	104,302	104,302	6,953	6,953
133 Wagin Bowling Club**	127,149		8,649	8,649	118,500	118,500	8,491	8,491
139 Swimming Pool Redevelopment	300,000		8,874	8,874	291,126	291,126	15,162	15,162
Education & Welfare								
137 5 Arnott Street	241,212		8,608	8,608	232,604	232,604	14,286	14,286
Economic Services								
Puntaping Dam Pipe Line	100,000		18,331	18,331	81,669	81,669	3,998	3,998
Other Property & Services								
138 Council Residence	143,734		6,665	6,665	137,069	137,069	8,909	8,909
	1,022,388	0	57,118	57,118	965,270	965,270	57,799	57,799

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

(b) New Debentures - 2012/13

There were no new debentures in 2012/2013.

**SHIRE OF WAGIN
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 \$
140 Puntaping Dam Pipeline	1 May 2012	25,321	0	10,169	15,152 0
		25,321	0	10,169	15,152

(d) Overdraft

Council did not use an overdraft facility during 2012/2013 Financial Year and does not have any overdraft facility in place.

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SHIRE OF WAGIN
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							0				0
Gross Rental Value	0.1064	737	6,072,829	646,149	2,791	0	648,939	645,338	6,000	500	651,838
Unimproved Value	0.0066	356	166,326,143	1,094,862	1,856	0	1,096,718	1,094,862	3,000	0	1,097,862
Sub-Totals		1,093	172,398,972	1,741,011	4,646	0	1,745,657	1,740,200	9,000	500	1,749,700
Minimum Rates	Minimum \$										
Gross Rental Value	460	168	269,889	77,280	0	0	77,280	77,280	0	0	77,280
Unimproved Value	460	47	1,842,441	21,620	0	0	21,620	21,620	0	0	21,620
Sub-Totals		215	2,112,330	98,900	0	0	98,900	98,900	0	0	98,900
Discounts (refer note 25)							1,844,557				1,848,600
Total Amount Raised from General Rate							(67,855)				(64,000)
Ex-Gratia Rates (CBH)							1,776,702				1,784,600
Specified Area Rate (refer note 23)							7,638				7,500
Total Rates							0				0
							1,784,340				1,792,100

SHIRE OF WAGIN
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	920,851	1,472,819	1,472,819
<u>Comprises:</u>			
Cash - Unrestricted	(159,840)	1,097,440	1,097,440
Cash - Restricted	2,020,356	2,109,776	2,109,776
Rates - Current	58,283	62,000	62,000
Sundry Debtors	609,307	112,872	112,872
GST Receivable	35,256	0	0
Inventories	43,352	42,836	42,836
Less:			
Reserves - Restricted Cash			
Leave Reserve	(84,876)	(62,198)	(62,198)
Plant Reserve	(102,264)	(217,883)	(217,883)
Municipal Buildings Reserve	(565,477)	(548,515)	(548,515)
Recreation & Development Reserve	(144,022)	(257,772)	(257,772)
Administration Centre Furniture & Equipment Reserve	(2,295)	(2,200)	(2,200)
Recreation Centre Equipment Reserve	(10,405)	(8,250)	(8,250)
Aerodrome Maintenance Development Reserve	(1,933)	(1,853)	(1,853)
Land Development Reserve	(101,071)	(142,918)	(142,918)
Community Bus Reserve	(60,865)	(53,561)	(53,561)
HACC Plant & Leave Reserve	(143,684)	(128,166)	(128,166)
Refuse Waste Management Reserve	(104,994)	(76,692)	(76,692)
Wagin Water Management Plan Reserve	(118,411)	(113,523)	(113,523)
Refuse Site Rehabilitation Reserve	(20,000)	0	0
Sundry Creditors	(192,056)	(323,107)	(323,107)
GST Payable	(33,510)	(15,467)	(15,467)
Surplus/(Deficit)	920,851	1,472,819	1,472,819

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

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

The Shire of Wagin did not levy Specified Area Rates for the 2012/2013 Financial Year.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

The Shire of Wagin did not levy any Service Charges for the 2012/2013 financial Year

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5	67,855	64,000
Rate Assessment	Write-Off		9,542	10,000

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

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		14,992	15,500
Charges on Instalment Plan		5	5,311	5,000
			20,303	20,500

Ratepayers had the option of paying rates in four equal instalments, due on 6th October 2011, 6th December 2011, 6th February 2012 and 5th April 2012. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2013 \$	2012 \$
General Purpose Funding	38,316	36,155
Law, Order, Public Safety	7,451	7,560
Health	5,284	5,484
Education and Welfare	63,784	46,644
Community Amenities	277,748	243,625
Recreation and Culture	48,596	24,413
Transport	0	0
Economic Services	59,908	45,496
Other Property and Services	29,316	155,451
	<u>530,403</u>	<u>564,828</u>

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

SHIRE OF WAGIN
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	1,896,675	1,985,054
Non-Operating Grants, Subsidies and Contributions	1,771,568	1,354,935
	3,668,243	3,339,989
 By Program:		
Governance	6,722	0
General Purpose Funding	2,411,730	1,933,439
Law, Order, Public Safety	33,276	40,600
Health	68,015	0
Education and Welfare	303,851	277,309
Community Amenities	55,703	0
Recreation and Culture	16,726	76,277
Transport	758,328	1,009,364
Economic Services	644	0
Other Property and Services	13,248	3,000
	3,668,243	3,339,989

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	4,689	7,000	6,630
President's Allowance	6,000	6,000	6,000
Deputy President's Allowance	1,550	1,550	1,550
Travelling Expenses	2,762	3,000	2,893
	15,001	17,550	17,073

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	28	27

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

31. MAJOR LAND TRANSACTIONS

Pederick Drive Stage 2 Residential Subdivision

(a) Details

Council, in the 2008/2009 financial year, completed the second stage of the Pederick Drive Subdivision and sold one of six residential lots in 2009/2010, another lot was sold in 2010/2011, however there were no lots sold in 2011/2012 or 2012/2013. Council has now resolved to retain one of the lots to build a new Council residential house. This leaves three remaining lots to sell.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
Operating Revenue			
- Profit on sale	0	34,428	0
Capital Revenue			
- Sale Proceeds	0	120,000	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	0	0	0
	0	0	0

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

There are no liabilities in relation to this land transaction as at 30 June 2013.

(c) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	0	0	0	0	0	0
Cash Inflows						
- Loan Proceeds						0
- Sale Proceeds	120,000					120,000
	120,000	0	0	0	0	120,000
Net Cash Flows	120,000	0	0	0	0	120,000

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 WAGIN
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	1,860,516	3,207,216	1,860,516	3,207,216
Receivables	887,727	362,116	887,727	362,116
	<u>2,748,243</u>	<u>3,569,332</u>	<u>2,748,243</u>	<u>3,569,332</u>
Financial Liabilities				
Payables	273,988	381,121	273,988	381,121
Borrowings	965,270	1,022,388	895,575	944,152
	<u>1,239,258</u>	<u>1,403,509</u>	<u>1,169,563</u>	<u>1,325,273</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 WAGIN
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 10% (*) movement in interest rates on cash and investments:		
- Equity	186,050	320,721
- Statement of Comprehensive Income	186,050	320,721

Notes:

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

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

Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	18,605	32,072
- Statement of Comprehensive Income	18,605	32,072

SHIRE OF WAGIN
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	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	69.77%	69.77%
- Overdue	30.23%	30.23%

**SHIRE OF WAGIN
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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	273,988	0	0	273,988	273,988
Borrowings	114,917	437,339	850,298	1,402,554	965,270
	<u>388,905</u>	<u>437,339</u>	<u>850,298</u>	<u>1,676,542</u>	<u>1,239,258</u>
<u>2012</u>					
Payables	381,121	0	0	381,121	381,121
Borrowings	114,917	459,668	942,879	1,517,464	1,022,388
	<u>496,038</u>	<u>459,668</u>	<u>942,879</u>	<u>1,898,585</u>	<u>1,403,509</u>

**SHIRE OF WAGIN
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:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2013								
Payables								
Borrowings								
Fixed Rate								
Debtentures	0	0	0	81,669	0	883,601	965,270	5.67%
Weighted Average Effective Interest Rate				4.29%		5.79%		
Year Ended 30 June 2012								
Payables								
Borrowings								
Fixed Rate								
Debtentures					100,000	922,388	1,022,388	5.65%
Weighted Average Effective Interest Rate								

INDEPENDENT AUDIT REPORT TO THE SHIRE OF WAGIN

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Wagin which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control 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. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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 committee, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Statutory Compliance

During the course of our audit we become aware of the following matter which did not comply with the Local Government (Financial Management) Regulations 1996 (as amended) or the Local Government Act 1995.

Financial Management Review

As required under Part 2, Section 5 (2) (c) of the Local Government (Financial Management Regulations) 1996, the CEO must undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews. As of the date of the audit, a financial management review has not been undertaken within the last 4 financial years.

Auditor's Opinion

In our opinion, other than the matter noted above;

The financial report of the Shire of Wagin is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) including:

- i) giving a true and fair view of the Shire's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).



BYFIELDS
NARROGIN WA

Date: 12th December 2013



D J WOODRUFF CPA
Director

**SHIRE OF WAGIN
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	0.21	N/A	N/A
Asset Renewal Funding Ratio	0.44	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 preceding years (being 2012 and 2011) have not been reported as financial information is not available.