Shire of Wagin Annual Report 2013 - 2014

SHIRE OF WAGIN

HEART OF THE GREAT SOUTHERN

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
Tel: (08) 9861 1177 Fax: (08) 9861 1204

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	$1,874,933
Total Revenue	$6,611,943
Council Employees	36

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 1st July 2014 are -

Cr PJ (Phillip) Blight – Shire President
Elected to office in 1992, Retiring 2015

- Finance & General Purposes Committee
- WALGA Central Zone
- Roadwise/LEMC & Safer WA Committee
- Land Conservation District Committee
- Economic Advisory Committee
- Frail Aged Homes Committee
- Community Resource Centre Committee
- Civic Awards Committee
- Audit Committee
- CEO Performance Review Committee
- Woolorama Committee
- Lakes Sub – Regional Road Group
- Airport Development Committee

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
- Development Assessment Panel
- Economic Advisory Committee
- Lakes Sub – Regional Road Group
- Works & Services Committee
- Civic Awards Committee
- Audit Committee
- Bushfire Advisory Committee
- Landcare Project Management Committee
- Frail Aged Homes Committee

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2017

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

Cr DC (Dale) Lloyd

Elected to office in 2011, Retiring 2015

- Sportsground Advisory Community Centre Management Committee
- Roadwise/LEMC & Safer WA Committee
- Community Resource Centre
- Audit Committee
- Finance and General Purposes Committee
- Economic Advisory Committee
- Tourism and Promotion Committee

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2017

- Works & Services Committee
- Asset Management Committee
- Airport Development Committee
- Wagin Community Family Park
- Reconciliation Action Plan
- Waste Management & Recycling Committee

Cr CJ (Cliff) Brockwell

Elected to office in 2012, Retiring 2017

- Townscape Enhancement Committee
- Wagin Community Family Park
- Airport Development Committee

Cr RC (Ron) Walker

Elected to office in 2011, Retiring 2015

- Development Assessment Panel
- Townscape Enhancement Committee
- Sportsground Advisory Community Centre Management Committee
- Waste Management & Recycling Committee
- Cottage Homes Committee
- School Bus Committee
- Woolorama Committee
- Wagin Woodanilling Landcare Zone
- Bushfire Advisory Committee
- Works and Services Committee
- Asset Management Committee
- Community Bus Committee
- Economic Development Advisory Committee

Cr GKB (Geoff) West

Elected to office in 2009, Retiring 2015

- Works & Services Committee
- Community Bus Committee
- Tourism and Promotion Committee
- Historical Village Committee
- Community Centre Committee
- Asset Management Committee
- Economic Development Advisory Committee
- Development Assessment Panel
- Wagin/Woodanilling Landcare Zone
- Townscape Enhancement Committee
- Waste Management & Recycling Committee
- Airport Development Committee
- Cottage Homes Committee

Cr GT (Gerard) Hegarty

Elected to office in 2009, Retiring 2017

- Waste Management & Recycling Committee
- Townscape Enhancement Committee
- Asset Management Committee
- Finance and General Purposes Committee
- Sportsground Advisory Community Centre Management Committee
- Audit Committee
- Development Assessment Panels

Cr AJ (Amanda) Howell

Elected to office in 2013, Retiring 2017

- Waste Management & Recycling Committee
- Townscape Enhancement Committee
- Parents and Citizens Association
- Wagin Community Family Park Committee

Cr JP (Jason) Reed

Elected to office in 2013, Retiring 2017

- Tourism and Promotion Committee
- Community Centre Committee
- Asset Management 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	Kylie Caley
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 2013/2014

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 further development of our existing plans and the introduction of a Workforce Plan. In this plan the Shire has outlined key strategies that will address workforce difficulties. Council also underwent its Financial Management Review in April as per regulations. This review showed a few areas that staff needed to address, overall however, Council is compliant with regulations and have strong effective processes and procedures.

Council was fortunate enough to receive $394,637 through the Royalties for Regions Country Local Government Fund in 2012/2013. These funds were carried over to the 2013/2014 financial year to complete infrastructure projects identified in Council's Forward Capital Works Program such as the Townscape Redevelopment, Footpath Program, the initial stages of the Swimming Pool Redevelopment Stage 2 and upgrade to the Council Administration Office. Council also received funding from Department of Sport and Recreation to assist in the completion of the Swimming Pool Redevelopment Stage 2.

Council's Royalties for Regions Country Local Government Fund Regional component was spent on the Regional Aged Housing project. This enabled Council to continue with additional 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 2013/2014 were:

- Start construction of the Wagin Swimming Pool Development Stage 2.
- Upgrade to the Administration Office Reception.
- Regional Aged Housing Stage 2.
- Completion of the Wedgecarrup BFB Appliance Shed.
- Construction of Puntapin Dam Pipe Infrastructure.
- Construction of Staff Housing.
- Undertaking and completion of an extensive capital road works program.
- Purchase of a new Thirteen Tonne Truck and Skid Steer Bob Cat for our Works crew.

Council hosted a New Residents Reception in the Eric Farrow Pavilion in April 2014, this again proved to be a very popular function with 33 new residents attending. The Shire also participated in a successful Christmas Carnival in conjunction with the WAGS and Wagin Trotting Club; this event was attended by hundreds of residents who enjoyed free activities and the Christmas Trot Meet.

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

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

Premiers Visit May 2014

Chief Executive Officer's Report

It is with pleasure that I present the 2013/2014 Annual report for the Shire of Wagin.

The 2013/2014 Annual Budget was adopted by Council at the August Council meeting. This incorporated 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 has continued to develop and work with the planning processes via the Integrated Planning Structure during 2013/14. Council's workforce plan was adopted by Council during the period under review.

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

Council continues to work with neighbouring shires and the shire's that make up our regional alliance of 4WDL being West Arthur, Woodanilling, Williams, Dumbleyung and Lake Grace during the year. The major highlight from the 4WDL alliance is the construction of Aged units for Wagin. 4 units were completed during the year under review.

Economic Development

This is a summary of what has occurred with various issues/projects that have been included in the Shire of Wagin Economic Development Strategy. These are the observations of the CEO and many of the issues listed were underway or relied on private funds to achieve a worthwhile outcome.

Short Term Goals

- **Caravan Parking RV parking area**
  Council has adopted a policy regarding the RV area at the Recreation Ground. This includes length of stay, cost etc. This area is proving to be very popular with approx. $2,200 being taken in the 13/14 year. A number of letters have been received from tourists complimenting the town and its people. Not a lot of work has been undertaken at the Caravan Park. This is planned for 2014/15. Quotes for power and water for the "new" area have been obtained.

- **Water Harvesting**
  A grant from the Department of Water has enabled Council to connect the Puntapin Dam to the Recreation Ground. Water from the dam is pumped to the oval and used to water the facilities. Council's staff are now looking at further grants to possibly improve the water catchment or storage at Badgarning dam. With the installation of the desalinator at Morton's Seed & Grain, Council will have the opportunity to receive a quantity of fresh water from the process. This water could be used for a number of uses including parks, stock water, spray water or at the airport.

- **Medical, Health and Aged Care**
  Over the past 12 months 4 aged units have been completed. These units were built using Royalties for Regions funding. A further 4 units are currently under construction and should be completed by March 2015. Waratah Lodge continues to operate as a valuable community facility. Council continues to contribute to the provision of a Doctor for Wagin through IPN.

- **Waste Management**
  The development of the Regional Waste site is still continuing. Seven (7) Shires are still involved in the project. Final agreement is currently being obtained from the 7 Shires so the works approval and purchase of the property can be completed shortly. The group has resolved, if all goes well, to be using the regional site by 1st July 2017.

- **Digital Action Plan**
  No action. Changes to Federal Governments aims regarding NBN.

- **Visitors and Tourists**
  A regular number of events are now taking place in Wagin. Over the past 6 months events such as Art, Food and Wine Trail, Narrogin Gliding Club, Model Jet Club, Vintage Care Club, Open Day at Wagin Historical Village, Woolorama, State Endurance Ride, Mates 500 Relay, Dean Cox/Football Club Evening, Trots during winter, winter and summer sports, Caravan Club for Anzac Day, Anna Jacobs Book Launch.
  Future Events will be: Pizza Cooking Demonstration – June 14, French Cooking Class – Sept 14, Squaring the Wheel Live Show – August 14, Tom Quilty Gold Cup Event – October 14, Sheep Dog Trials October 14.
  There does appear to be an increase in those using the RV area and Caravan Park.

Medium Term Goals

- **Airport**
  Work has been undertaken with the view of creating an airpark. The idea is for hangars to be built with possible accommodation included. The land will be leased and the theme of the airport will be sustainability. Solar panels for power, tanks for water and composting toilets. The "lots" will be leased for a long period and there has been some interest in this concept. The airport is being well used with the Narrogin Gliding Club and Model Jet Club using the facility over the past few months. The Model Jet Club plan to return in the next month or so. There is also consideration being given to using the sewerage water overflow to reticulate the airfield in an effort to beautify the area.

- **CBD Heritage Rejuvenation**
  There is agreement with shop owners to pain a number of shops in Tudhoe Street in heritage colours. This will be followed by the installation of heritage seating, bins and planter boxes. This project is being funded by the Shire and the Wagin Chamber of Commerce. A new gazebo and landscaping is to be constructed in the "Town Par" in early July 14. This will include seating, paving, up lighting and landscaping of the park. Further improvements along Tudhoe Street are being considered. Also the open drain in Tudor Street is to be filled in and a new drainage system installed.

- **Council Housing**
  A new shire house in Marks Court has been completed. Council will over the next 12 months review their housing stock with the view to sell and continue to build new staff residences.

- **Affordable Housing**
  Nothing has been completed at this time. The concept was to look into the development of a lifestyle village for the older folk.

- **Youth Employment**
  Some casual work has been made available through the Shire for youth. This work has been for short terms only. No youth employment programs have been made available at this time.

- **<u>Food & Fibre Hub</u>**
  A new boiler is currently being installed at Morton's Seed and Grain. A new shed is being built to house the boiler. A desalinator will be installed in August/September 14 to produce fresh water in the boiler. Water for the desalinator is from the town bore field which currently pumps between 60ml & 90ml of saline water into Slippery Lake. Council will receive excess water from the desalinator for use in Town, airport or for spray water or stock water.

- **<u>Aquaculture</u>**
  Council are currently awaiting a development application for a private fish farm in Wagin. Saline water from the bore field will be used to assist the fish farm. More details will become available shortly.

- **<u>Economic Development Officer</u>**
  A wish at this point in time, no funding has been made available for this position. I see this position as part time perhaps 2-3 days per week, with the person being located in Perth for easy access to possible opportunities. The person would be required to visit Wagin for 1-2 days each fortnight.

- **<u>Individual Business Investment</u>**
  <u>CBH Developments:</u>
  CBH has now acquired Lot 471 Vale Street Wagin. By purchasing this lot CBH have the opportunity to develop the site as all land in the immediate area of the facility is now owned by CBH. CBH do not have any plans to develop the site however this may change quickly should good grain seasons continue.
  <u>Development of Industrial Area:</u>
  A further two lots have been sold in the industrial area in the past 6 months. The owner of the new blocks plans to develop a scrap metal dealership from the area. Both lots have been cleared and work on developing the site will commence soon. Landcorp have also developed 6 lots of various sizes. These lots range from 2,100m2 up to 5,900m2 and are well located in the Wagin Townsite.
  <u>Council Contract Work:</u>
  Councils workforce has undertaken a number of Main Roads WA jobs over the past 6 months. This has included the realignment of Jaloran/Bullock Hills Road intersection and the strip widening of the Collie-Lake King Road approximately 15km East of Wagin. Whilst the intention is to improve Council's income it also gives local contractors the opportunity to become involved with the work. To date, on these two jobs alone $111,000 has been paid to local contractors for work undertaken. This does not include outside contractors using accommodation, meals, fuel and others. The project estimate for the work undertaken was $1.2 Million.
  <u>Council Operation:</u>
  I do believe this is a very important component of business investment regarding support for local businesses. There has been a concerted effort in recent times to use, where possible, local businesses in the provision of goods and services to the Shire of Wagin. When saying this, we need to be mindful of costs, however it is interesting to note that from a brief review of payments to local businesses the amount spent in the 2013/2014 financial year was in the region of $550,000. This does not include Shire wages of $2 million. This is an enormous benefit to the local economy and should not be underestimated. Council's total budget is in the region of $6 million.

- **<u>Progressive & Innovative Leadership</u>**
  Work in Progress

- **<u>Indigenous Perspective</u>**
  Work in Progress

- **<u>Container Port (Rail)</u>**
  Work in Progress

- **Marketing and Communication**
  Shire has updated its Facebook page and keeps it up to date. CRC is advising the Wagin Public of events on a weekly basis. Other avenues of communication need to be explored and improved.

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. Veronika Crouch has been the co-ordinator for the period under review and has done a very good job seeking funding for the group.

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. An application seeking works approval and subdivision of the land has begun.

Land Development

Council secured eight industrial lots in Vernal and Vale Streets in the towns 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. Four of these lots have been sold in recent times.

Policy and Statutory Requirements

During 2013/14 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.

Employee Remuneration

The Local Government (Administration) Regulations 19B requires the annual report to contain the details of the number of employees of the Local Government who earn over $100,000pa. I have herewith included **all** staff salary levels:
$120,001-$140,000
$100,001-$120,000
$75,001-$100,000
$50,001-$75,000
$35,001-$50,000
$10,001-$35,000
$0-$10,000

Conclusion

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 2014 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 2013/2014 no applications were received for information under the terms of this legislation.

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.

<u>Competitive Neutrality</u>

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.

<u>Legislative Review</u>

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 2013/2014 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2013/2014 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. In 2014/2015 a further area offsite will be explored to hold records in an effort to keep the Administration Centre clear of storage.

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. Currently the Executive Assistant is working on updating the Record Keeping Plan to maintain compliance with the State Records Commission.

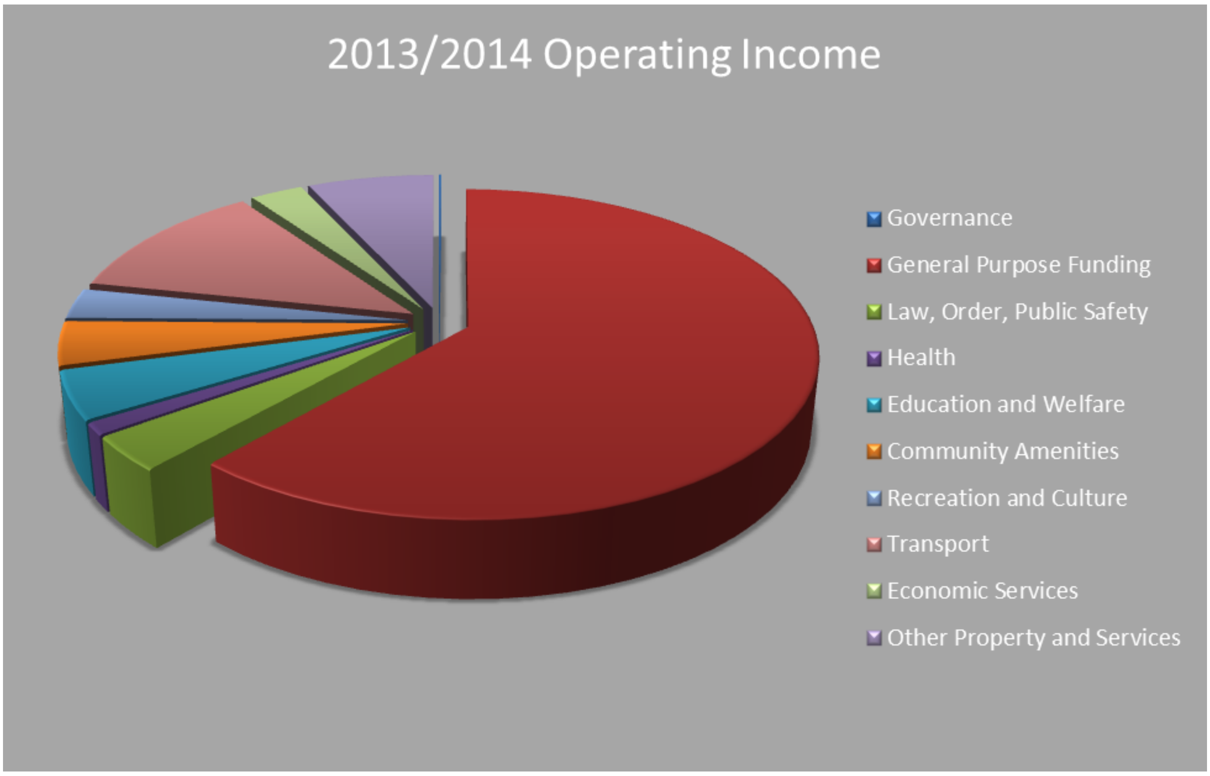
A new electronic records keeping system was implemented during the year, this will ensure Council is meeting its record keeping obligations.

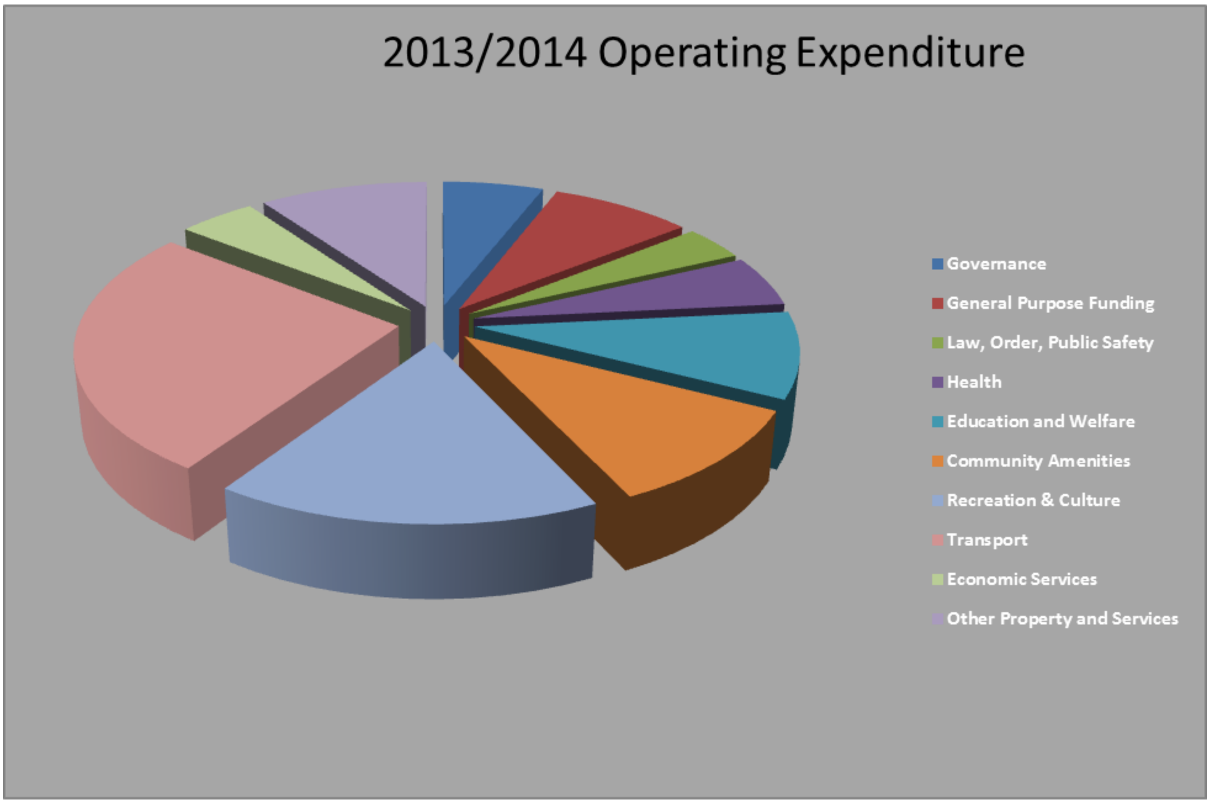
Equal Opportunity

The Shire of Wagin is committed to providing a workplace where every individual is treated with respect in an environment free of discrimination.

During 2013/2014 the Shire adopted a Staff Equity and Diversity Framework outlining its obligations and expectations under the Western Australian Equal Opportunity Act 1984.

Shire President, Greg Brockway & Cay Gell at the Reburial
of the Wagin Time Capsule


2013/2014 Operating Income
Governance
General Purpose Funding
Law, Order, Public Safety
Health
Education and Welfare
Community Amenities
Recreation and Culture
Transport
Economic Services
Other Property and Services


2013/2014 Operating Expenditure
Governance
General Purpose Funding
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Health
Education and Welfare
Community Amenities
Recreation & Culture
Transport
Economic Services
Other Property and Services

Integrated Planning and Reporting Framework

Community Strategic Plan and Corporate Plan

Council adopted its Community Strategic Plan and Community plan in July 2013.
These plans meet all regulatory requirements and now provide Council with a strategic direction and blueprint by which the Council will operate into the future.
The plans were developed and finalised after an extensive period of community engagement and consultation, the following 5 key areas of importance, concern and aspiration were identified from community feedback:

- Economic Development
- Buildings and Infrastructure
- Community Services and Social Environment
- Town and Natural Environment
- Council Leadership

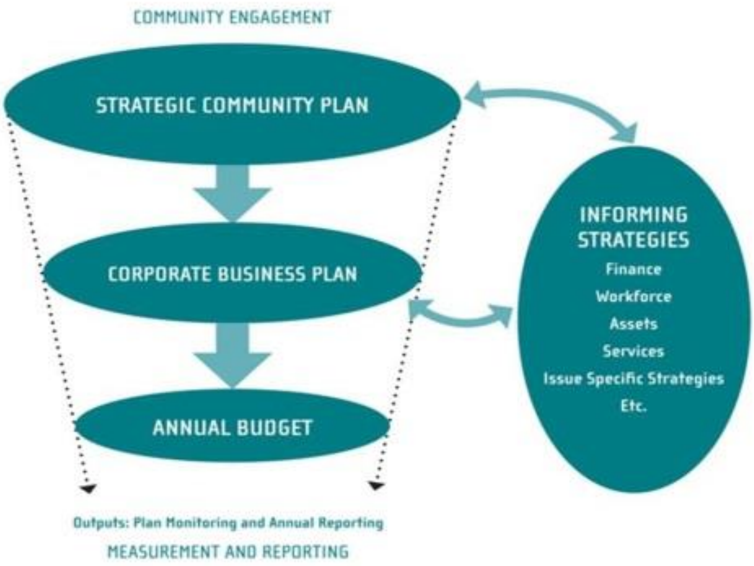
These key areas will guide Council's decision making and service development as Council plans for the future.

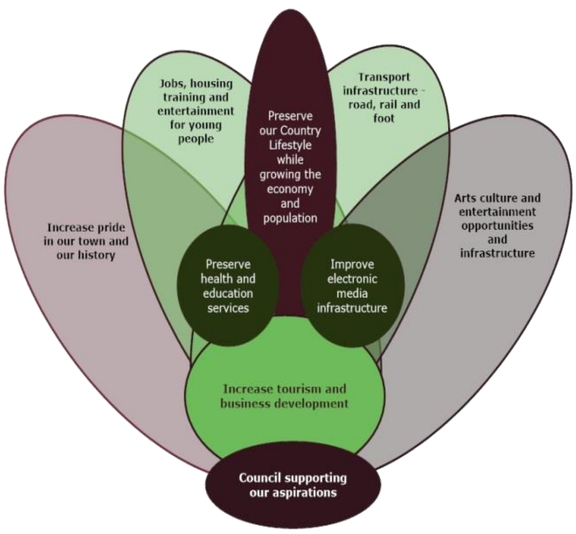
A number of other plans were developed to support the Community Strategic Plan and are an integral part of the Integrated Planning and Reporting Framework. These include:

- A Integrated Workforce Plan
- A 10 Year Long term Financial Plan
- A Building and Structures Asset Management Plan
- A Roads and Bridges Asset Management Plan

Council has updated the Integrated Workforce Plan in the past six months to reflect outcomes achieved form the strategy summary of the original plan.

Integrated planning and Reporting Framework
Community Engagement Outcomes





Community Strategic Plan Key Result

Areas

1. Economic Development	2. Buildings and Infrastructure	3. Community Services and Social Environment	4. Town and Natural Environment	5. Council Leadership
1.1 Increase in the number and diversity of businesses in the town and district	2.1 Greater care and restoration or preservation of heritage buildings	3.1 Keep the family friendly country lifestyle , community spirit, safe community with low crime rate	4.1 Look after natural environment and trees	5.1 Support and incentives for more businesses and retail opportunities
1.2 Support more job/ training opportunities, especially for young people	2.2 Improvement in condition and appearance of the main streets of the Town, with improved facility signage in the main street	3.2 Housing, jobs and training especially for young people	4.2 Cleanliness of the shop fronts and footpaths.	5.2 Diversity of Shire communication channels with community
1.3 Increase tourism and increase in promotion of town and heritage	2.3 More footpaths in areas away from the school and main shopping areas.	3.3 Youth focus on services and recreation development including coordination of effort across the Shire / region	4.3 Improve town entry statements.	5.3 Plan services and activities based on sustainability, affordability and resources
1.4 Broadband and other associated electronic media infrastructure.	2.4 More infrastructure to support arts, culture and entertainment	3.4 Retain the school and hospital and grow health, allied health and aged care services	4.4 Improve main street appearance to encourage travellers and tourists to stop.	5.4 Encourage more volunteering
1.5 Make available low cost industrial and business land and accommodation	2.5 Improved road conditions on grain routes around harvest time	3.5 More diversity and quality in food outlets and more retail businesses.	4.5 Better ambience around the caravan park	5.5 More diversity of Shire communication channels with community
1.6 Encourage more state government services in Wagin	2.6 Heavy vehicle by-pass around the Town	3.6 Keep Woolorama and consider other events, cultural and other entertainment opportunities	4.6 More green passive recreation areas and better management of bush ones.	5.6 Work to improve appearance of the town
1.7 Creation of employment opportunities	2.7 A safe fenced playground for children in a park environment	3.7 Provide more community resources and facilities	4.7 Improved litter management in town and Shire	5.7Greater focus on economic development
				5.8 Be responsive to community aspirations

COMMUNITY AND REGULATORY SERVICES

Community

Townscape

Two major townscape initiatives have been planned for, the upgrade of the Town Park which was funded by Royalties for Regions and improvements to the CBD section of Tudhoe St to include new benches, bins, planters and the painting of shop fronts. Some financial assistance for the Tudhoe St work will be granted by the local Chamber of Commerce.

Economic Development

30 local business people attended a Jurek Leon "Business Afterhours" workshop hosted by the Shire, Chamber of Commerce and Small Business Development Narrogin. The main outcome directed the group to either reinvigorate the existing Chamber or create a new entity.

The John Stanley "Home Town" workshop resulted in Wagin introducing some "quirky" activities around a sheep theme.

This year BAART was yarn bombed by the local craft group and a mock flock of sheep have been painted and available for events.

Health and Aged Care

A new HACC Improvement Plan was developed and accepted by the auditors. The HACC services also received an excellent review outcome.

The region requires an additional 17 residential aged care beds and the Shire continued to discuss aged care planning with the Southern Inland Health Initiative Team.

Following the allocation of funding from the State the Shire and Primary Health Narrogin formed the Wagin Early Years Network. This group of Service providers held several events including the Power of Play all aimed at improving childrens development 0-5 years.

Asset Management

Significant input was made by the Shire in consultation with the community, builders and designers regarding the 2nd stage redevelopment of the Swimming Pool buildings.

Community Development

A meeting was held with other key stakeholders including the WCRC and Wagin Argus to improve our scope of informing the general public of Wagin. Improvements have included heightened use of the Shire's Facebook page and website.

Discussions have been held with Department of Aboriginal Affairs and local Noongar people concerning aboriginal heritage issues and the reburial requirements of ancestral remains.

A Club Development workshop was held in May that addressed governance, liability insurance and legal responsibilities.

Planning for the Tom Quilty Cup continued throughout the year. I will be hosted by Wagin and sponsored by the Shire.

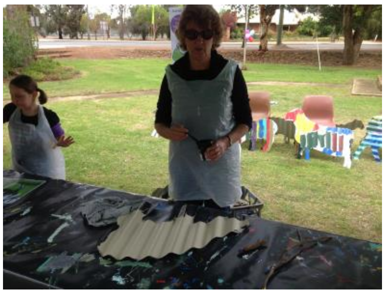
2013 Christmas Carnival at the showgrounds combined with the December trot meeting was well attended and enthusiastically supported by local service and sporting clubs.

Tourism and Promotion

A new promotional brochure for Wagin was produced and Wagin pages in various magazines and advertisements were also improved and updated.

Wagin Shire led a new venture for the town by participating in the Dryandra Art, Food and Wine Trail. Attractions included stalls and catering at the Historical Village, "Paint the Sheep" at the Wetlands Park and an Art Show at the Gallery.





2014 Art Food and Wine Trail

Library Gallery

Presentation and book sale by international author Anna Jacob was a popular event. Similarly a book launch and lunch for over 40 people heard popular local author Linda Bettenay introduce her latest book "Secrets Mothers Keep"

A "Friends of the Wagin Library" group has formed and the Librarian is now supported by a number of volunteers. Membership of the library has increased by over 50% to 600 patrons.

A community survey on what local people believe the Library should offer and where it should be located resulted in over 100 responses. This information will be used in future planning of this service.

Sport and Recreation

Jen Bannerman continued as Pool Manager optimising the new pools and enhanced the program of swimming activities. The numbers of swimmers using the redeveloped facility continued to rise.

Club Development Officer, Robyn Webster ran Aquafit Classes at the pool, undertook training in "Chair and Stay Active" classes for over 55's and was actively involved in the Noongar Sports Days.

Kidsport continued with funding support from Lotteries West and Department of Sport and Recreation. The YMCA Youth Leadership Program increased enrolments for junior basketball and the new after school sports program has shown a continual growth in participation rates.

LOCAL GOVERNMENT

A Social Media Workshop was hosted by the Shire with Local Government expert Cadell Buss leading the program. Following on from this the Shire appointed a Social Media Officer and developed a Social Media Policy.

Presentations on Bullying in the Workplace and the role of the Fairwork Australia Commission where held for Shire Staff.

An all of staff seminar on Customer Service by John Stanley in May skilled staff in how to better manage customer conflict and to improve their competency in public relations.

OSH

New sport and recreation centre carpets have now been stored on new roller frames – hence reducing risk of injury to staff and others handling these carpets.

The new Front Office Reception upgrade has greatly improved workplace ergonomics and security for staff.

EMERGENCY MANAGEMENT

Staff attended various Emergency Management courses throughout the year focussing on Emergency Disaster Planning and Recovery.

A LEMC meeting conducted a desk top exercise covering a chemical spill in the CBD. This highlighted the need for inter-agency post event debriefs.

DISABILITY ACCESS AND INCLUSION PLAN

The Shire has followed its Disability Inclusion and Access Audit by improving its services and access to facilities throughout the year.

The new redevelopment at the Swimming Pool has further inclusions for people with Disability. Foot paths have been extensively upgraded in the CBD, several impediments in and around the Shire Admin building have been removed, new Accessible parking bays have been marked. A new Administration Reception area has been built to accommodate people using wheelchairs.

In all 13 separate initiatives have been achieved across the 7 outcome areas as stipulated on the Disability Access and Inclusion Plan.

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, street trees and cemetery.

Intersection Upgrades

Council have received blackspot funding to upgrade the intersections of Bullockhills/Jaloran Road, Bullockhills/Bockaring Road and Dumbleyung/Ware Street for heavy vehicles upgrade to a network 4 and for the safety of all road users.

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 Ten Year Road and Plant Replacement Program has been developed for future works. Major works that were completed for this year included:

- Heavy haulage realignment and upgrade to a network 7 of Jaloran-Bullockhills intersection.
- Gravel sheeting on Dongolocking Road, Collanilling Road, Boddington Road, Warup South Road, Behn Ord Road, Ball Road, Farrow Road and Norring-Dellyanine Road.
- Continued resealing of Dongolocking Road, Ballagin Road and Jaloran Road.
- Clear and widen shoulders on Dongolocking Road.
- Footpath and kerbing replacement work on Ranford Street and Tavistock Street.
- Swimming Pool Redevelopment Stage 2 initial earth works.

2013 Isuzu Truck

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.

Main Roads Works

The shire has undertaken private works for main roads to widen shoulders and culvert extensions on the Dumbleyung Road for 6 km from Morgan Road to Behn-Ord Road to widen the seal from 7 metres to 10 metres for heavy vehicles movements and the safety of road users.

Ranger Services

The ranger has maintained a high level of service to the district. Regular patrols for stray animals, unregistered off-road vehicles and damage to nature reserves have proved highly effective along with an upgrade to the pound to accommodate cats due to new cat legislation. The rehoming of animals through 'Wish Animal Rescue' has been a large achievement in this area of Shire Services.

SHIRE OF WAGIN

FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2014

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 15th day of October 2014

Peter Webster
Chief Executive Officer

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

	NOTE	2014 $	2014 Budget $	2013 $
Revenue				
Rates	22	1,874,933	1,881,092	1,784,340
Operating Grants, Subsidies and Contributions	28	1,429,572	1,442,266	1,896,675
Fees and Charges	27	920,614	949,400	530,403
Interest Earnings	2(a)	59,104	104,412	119,202
Other Revenue		999,334	141,900	171,221
		5,283,557	4,519,070	4,501,841
Expenses				
Employee Costs		(2,214,629)	(2,005,611)	(1,888,863)
Materials and Contracts		(1,461,843)	(1,408,563)	(1,273,235)
Utility Charges		(334,708)	(295,230)	(296,811)
Depreciation on Non-Current Assets	2(a)	(1,339,038)	(1,124,433)	(1,083,011)
Interest Expenses	2(a)	(54,577)	(54,577)	(57,799)
Insurance Expenses		(169,054)	(117,143)	(100,300)
Other Expenditure		(330,242)	(211,772)	(104,549)
		(5,904,091)	(5,217,329)	(4,804,568)
		(620,534)	(698,259)	(302,727)
Non-Operating Grants, Subsidies and Contributions	28	1,323,158	3,280,548	1,771,568
Loss on Revaluation of Fixed Assets	2(a)	0	0	0
Profit on Asset Disposals	20	5,228	52,790	78,887
Loss on Asset Disposals	20	(8,181)	(3,500)	0
NET RESULT		**699,671**	**2,631,579**	**1,547,728**
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	9,661,552	0	269,001
Total Other Comprehensive Income		**9,661,552**	**0**	**269,001**
Total Comprehensive Income		**10,361,223**	**2,631,579**	**1,816,729**

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 2014

	NOTE	2014 $	2014 Budget $	2013 $
Revenue				
Governance		9,964	6,000	6,722
General Purpose Funding		2,762,576	2,806,778	3,322,238
Law, Order, Public Safety		81,112	62,400	35,975
Health		88,521	91,120	73,299
Education and Welfare		382,021	362,117	369,733
Community Amenities		298,316	299,260	341,240
Recreation and Culture		74,963	75,160	66,447
Transport		218,943	251,330	102,062
Economic Services		66,243	60,800	64,385
Other Property and Services		1,300,897	504,105	119,740
	2(a)	5,283,556	4,519,070	4,501,841
Expenses				
Governance		(479,902)	(307,857)	(252,941)
General Purpose Funding		(439,767)	(437,318)	(418,829)
Law, Order, Public Safety		(208,523)	(190,045)	(179,195)
Health		(269,981)	(283,207)	(273,802)
Education and Welfare		(432,865)	(476,413)	(444,177)
Community Amenities		(540,924)	(544,676)	(442,944)
Recreation & Culture		(988,086)	(831,406)	(803,789)
Transport		(1,333,478)	(1,360,112)	(1,444,660)
Economic Services		(272,329)	(235,855)	(244,758)
Other Property and Services		(883,659)	(495,863)	(241,674)
	2(a)	(5,849,514)	(5,162,752)	(4,746,769)
Financial Costs				
Recreation & Culture		(29,140)	(29,140)	(30,606)
Economic Services		(3,199)	(3,199)	(3,998)
Other Property and Services		(22,238)	(22,238)	(23,195)
	2(a)	(54,577)	(54,577)	(57,799)
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		222,954	2,018,166	1,093,125
Law, Order, Public Safety		347,142	208,464	2,385
Community Amenities		0	40,000	0
Recreation & Culture		121,000	161,333	0
Transport		592,063	687,585	676,058
Economic Services		40,000	165,000	0
		1,323,159	3,280,548	1,771,568
Profit/(Loss) on Disposal of Assets				
Governance		0	3,100	12,711
Health		0	0	17,339
Education and Welfare		(8,181)	10,500	0
Transport		0	(3,500)	48,837
Other Property and Services		5,228	39,190	0
		(2,953)	49,290	78,887
Net Result		**699,671**	**2,631,579**	**1,547,728**
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	9,661,552	0	269,001
Total Other Comprehensive Income		**9,661,552**	**0**	**269,001**
Total Comprehensive Income		**10,361,223**	**2,631,579**	**1,816,729**

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

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

	NOTE	2014 $	2013 $
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,352,326	1,860,516
Trade and Other Receivables	4	565,729	712,111
Inventories	5	47,653	43,352
TOTAL CURRENT ASSETS		1,965,708	2,615,979
NON-CURRENT ASSETS			
Other Receivables	4	165,695	175,617
Property, Plant and Equipment	6	20,016,344	9,413,071
Infrastructure	7	21,742,902	21,215,482
TOTAL NON-CURRENT ASSETS		41,924,941	30,804,170
TOTAL ASSETS		43,890,649	33,420,149
CURRENT LIABILITIES			
Trade and Other Payables	8	406,115	273,989
Current Portion of Long Term Borrowings	9	63,751	60,340
Provisions	10	282,207	261,701
TOTAL CURRENT LIABILITIES		752,073	596,030
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	841,179	904,930
Provisions	10	44,759	27,774
TOTAL NON-CURRENT LIABILITIES		885,938	932,704
TOTAL LIABILITIES		1,638,011	1,528,734
		42,252,638	34,948,883
EQUITY			
Retained Surplus		27,482,952	26,268,947
Reserves - Cash Backed	11	945,963	1,460,297
Revaluation Surplus	12	13,823,723	4,162,171
TOTAL EQUITY		42,252,638	31,891,415

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

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

	NOTE	RETAINED SURPLUS $	RESERVES CASH BACKED $	REVALUATION SURPLUS $	TOTAL EQUITY $
Balance as at 1 July 2013		**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 Comprehensive Income		1,547,728	0	269,001	1,816,729
Transfers from/(to) Reserves		153,234	(153,234)	0	0
Balance as at 30 June 2013		**26,268,947**	**1,460,297**	**4,162,171**	**31,891,415**
Comprehensive Income					
Net Result		699,671	0	0	699,671
Changes on Revaluation of Non-Current Assets	12	0	0	9,661,552	9,661,552
Total Comprehensive Income		699,671	0	9,661,552	10,361,223
Transfers from/(to) Reserves		514,334	(514,334)	0	0
Balance as at 30 June 2014		**27,482,952**	**945,963**	**13,823,723**	**42,252,638**

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

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

	NOTE	2014 $	2014 Budget $	2013 $
Cash Flows From Operating Activities				
Receipts				
Rates		1,896,137	1,886,092	1,781,770
Operating Grants, Subsidies and Contributions		1,558,494	1,921,266	1,896,675
Fees and Charges		920,615	998,296	33,969
Interest Earnings		59,103	104,412	119,202
Goods and Services Tax		69,526	150,000	114,744
Other Revenue		999,334	141,900	171,221
		5,503,209	5,201,966	4,117,581
Payments				
Employee Costs		(2,166,618)	(2,005,611)	(1,888,863)
Materials and Contracts		(1,327,126)	(1,362,080)	(1,505,939)
Utility Charges		(334,708)	(285,230)	(296,811)
Interest Expenses		(54,922)	(54,577)	(57,999)
Insurance Expenses		(169,054)	(117,143)	(100,300)
Goods and Services Tax		(89,678)	(150,000)	(131,957)
Other Expenditure		(330,242)	(211,772)	(104,549)
		(4,472,348)	(4,186,413)	(4,086,418)
Net Cash Provided By (Used In) Operating Activities	13(b)	1,030,861	1,015,553	31,163
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,688,438)	(3,153,036)	(2,351,672)
Payments for Construction of Infrastructure		(1,168,468)	(2,099,842)	(1,001,431)
Non-Operating Grants, Subsidies and Contributions		1,323,158	3,280,548	1,771,568
Proceeds from Sale of Fixed Assets		45,773	179,500	252,142
Net Cash Provided by (Used in) Investment Activities		(1,487,976)	(1,792,830)	(1,329,393)
Cash Flows from Financing Activities				
Repayment of Debentures		(60,340)	(60,340)	(57,118)
Proceeds from Self Supporting Loans		9,264	9,264	8,649
Net Cash Provided By (Used In) Financing Activities		(51,076)	(51,076)	(48,469)
Net Increase (Decrease) in Cash Held		(508,190)	(828,353)	(1,346,699)
Cash at Beginning of Year		1,860,516	1,860,516	3,207,215
Cash and Cash Equivalents at the End of the Year	13(a)	1,352,326	1,032,163	1,860,516

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

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

		NOTE	2014 Actual $	2014 Budget $	2013 Actual $
	Revenue				
	Governance		9,964	9,100	19,433
	General Purpose Funding		1,110,597	2,943,852	2,631,023
	Law, Order, Public Safety		428,254	270,864	38,360
	Health		88,521	91,120	90,638
	Education and Welfare		382,021	372,617	369,733
	Community Amenities		298,316	339,260	341,240
	Recreation and Culture		195,963	236,493	66,447
	Transport		811,007	938,915	826,957
	Economic Services		106,243	225,800	64,385
	Other Property and Services		1,306,125	543,295	119,740
			4,737,011	5,971,316	4,567,956
	Expenses				
	Governance		(479,902)	(307,857)	(252,941)
	General Purpose Funding		(439,767)	(437,318)	(418,829)
	Law, Order, Public Safety		(208,523)	(190,045)	(179,195)
	Health		(269,981)	(283,207)	(273,802)
	Education and Welfare		(441,046)	(476,413)	(444,177)
	Community Amenities		(540,924)	(544,676)	(442,944)
	Recreation and Culture		(1,017,226)	(860,546)	(834,395)
	Transport		(1,333,478)	(1,363,612)	(1,444,660)
	Economic Services		(275,528)	(239,054)	(248,756)
	Other Property and Services		(905,897)	(518,102)	(264,869)
			(5,912,272)	(5,220,830)	(4,804,568)
	Net Result Excluding Rates		(1,175,261)	750,486	(236,612)
	Adjustments for Cash Budget Requirements:				
	(Profit)/Loss on Asset Disposals	20	2,953	(49,290)	(78,887)
	Movement in Deferred Pensioner Rates (Non-Current)		0	0	(6,287)
	Movement in Accrued Interest		(345)	0	(200)
	Movement in Accrued Salaries and Wages		5,203	0	6,075
	Movement in Employee Benefit Provisions (Non-current)		37,491	0	(107,212)
	Depreciation and Amortisation on Assets	2(a)	1,339,038	1,124,433	1,083,011
	Capital Expenditure and Revenue				
	Purchase Land and Buildings	6(a)	(1,077,288)	(2,766,169)	(1,569,266)
	Purchase Furniture and Equipment	6(a)	(75,987)	(75,867)	(129,409)
	Purchase Plant and Equipment	6(a)	(535,163)	(311,000)	(652,997)
	Purchase Roads	7(a)	(981,134)	(997,196)	(961,198)
	Purchase Other Infrastructure	7(a)	(187,334)	(1,102,646)	(40,233)
	Proceeds from Disposal of Fixed Assets	20	45,773	179,500	252,142
	Repayment of Debentures	21(a)	(60,340)	(60,340)	(57,118)
	Proceeds from Self Supporting Loans		9,264	9,264	8,649
	Transfers to Reserves (Restricted Assets)	11	(29,012)	(249,212)	(201,269)
	Transfers from Reserves (Restricted Assets)	11	543,346	717,346	354,503
ADD	Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	920,851	949,599	1,472,819
LESS	Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	656,987	0	920,851
	Total Amount Raised from General Rate	22(a)	(1,874,933)	(1,881,092)	(1,784,340)

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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(b) Goods and Services Tax (GST)

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

(e) Inventories

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

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

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

Land Under Control

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates
All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	50 years
Furniture and Equipment	10 years
Plant and Equipment	10 years
Computer & Electronic Equipment	3 years
Trucks	7 years
Sedans	4 years
Other Plant & Equipment	10 years
Infrastructure Assets	
Sealed Road and Streets	50 years
Unsealed Roads	50 years
Footpaths & Walkways	40 years
Drianage	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 the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

(h) Financial Instruments

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

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

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

Amortised cost is calculated as:

(a) the amount in which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments and any reduction for impairment; and

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

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

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:
[1] 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 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

	2014	2013
2. REVENUE AND EXPENSES	**$**	**$**
(a) Net Result		
Auditors Remuneration		
- Audit of the annual financial report	11,460	13,490
Depreciation		
Buildings	373,446	134,856
Furniture and Equipment	87,379	62,950
Plant and Equipment	236,578	297,538
Tools	587	586
Roads	602,022	563,229
Other Infrastructure	39,026	23,852
	1,339,038	1,083,011
Interest Expenses (Finance Costs)		
Debentures *(refer Note 21.(a))*	54,577	57,799
	54,577	57,799
Rental Charges		
- Operating Leases	38,456	40,750
	38,456	40,750
(ii) Crediting as Revenue:		
Significant Revenue		
MRWA Collie Lake King Road	787,629	0
	787,629	0

This significant revenues in 2014 relate to Private works income from work done on the Collie King Road for Main Roads

	2014	2013
Other Revenue		
Significant Revenue (Refer Above)	787,629	0
Other	211,705	171,221
	999,334	171,221

	2014 Actual $	2014 Budget $	2013 Actual $
Interest Earnings			
- Reserve Funds	16,199	58,412	69,470
- Other Funds	29,012	30,000	34,740
Other Interest Revenue *(refer note 26)*	13,893	16,000	14,992
	59,104	104,412	119,202

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

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

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

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

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

GENERAL PURPOSE FUNDING
Objective:
To collect revenue to allow for the provision of services.

Activities:
Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY
Objective:
To provide services to help ensure a safer and environmentally conscious community.

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

HEALTH
Objective:
To provide an operational framework for environmental and community health.

Activities:
Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE
Objective:
To provide services to disadvantaged persons, the elderly, children and youth

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES
Objective:
To provide services required by the community.

Activities:
Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE
Objective:
To establish and effectively manage infrastructure and resource which will help the social well-being of the community.
Activities:
Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT
Objective:
To provide safe, effective and efficient transport services to the community

Activities:
Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES
Objective:
To help promote the shire and its economic wellbeing.

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

OTHER PROPERTY AND SERVICES
Objective:
To monitor and control council's overheads operating accounts.

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 1/07/12 $	Received (+) 2012/13 $	Expended (#) 2012/13 $	Closing Balance (*) 30/06/13 $	Received (+) 2013/14 $	Expended (#) 2013/14 $	Adjustment 2013/14 $	Closing Balance 30/06/14 $
Community Aged Care Packages	Education & Welfare	39,827	0	(4,933)	**34,894**	727	(8,637)	0	**26,984**
Roads to Recovery	Transport	0	242,563	(242,563)	**0**	242,565	(242,565)	0	**0**
Beaufort Rd Bridge Grant	Transport	3,021	0	(3,021)	**0**	0	0	0	**0**
Regional Refuse Group	Community Amenities	64,925	57,500	(39,842)	**82,583**	70,800	(36,283)	0	**117,100**
Crime Prevention Grant & Youth Action Group	Law, Order & Public Safety	12,000	0	(12,000)	**0**	0	0	0	**0**
Club Development Officer 2010/2011	Recreation & Culture	4,828	0	0	**4,828**	10,000	(14,828)	0	**0**
LTFP/ Asset Mgt Grant	General Purpose	25,000	0	(10,765)	**14,235**	0	(14,235)	0	**0**
Reconciliation Action Plan	Other Property	1,768	0	(1,208)	**560**	0	(560)	0	**0**
Seniors Advocacy Grant	Education & Welfare	4,029	0	(1,031)	**2,998**	0	(2,998)	0	**0**
Royalties for Regions 2011/2012	General Purpose	33,000	0	(33,000)	**0**	0	0	0	**0**
Royalties for Regions 2012/2013	General Purpose	0	346,906	0	**346,906**	0	(323,075)	0	**23,831**
Reconciliation Grant 2011/2012	Other Property	3,000	0	(1,501)	**1,499**	0	(1,499)	0	**0**
Integrated Planning - Asset Management	General Purpose	51,348	0	(41,831)	**9,517**	0	(9,517)	0	**0**
Integrated Planning - Stratagic Community Plan	General Purpose	40,500	0	(12,846)	**27,654**	0	(6,395)	0	**21,259**
Integrated Planning - Workforce Plan	General Purpose	0	25,000	(10,669)	**14,331**	0	(14,331)	0	**0**
Cat Act Grant	Law, Order & Public Safety	0	2,535	0	**2,535**	0	(947)	0	**1,588**
Covert Cameras for CCTV	Law, Order & Public Safety	0	2,367	0	**2,367**	0	(2,367)	0	**0**
LG Energy Efficiency Grant	General Purpose	0	0	0	**0**	19,678	(19,678)	0	**0**
AEDI Local Champ Program	Education & Welfare	0	0	0	**0**	7,273	(2,439)	0	**4,834**
BFP Appliance Shed Grant - Wedgecarrup	Law, Order & Public Safety	0	0	0	**0**	58,464	(58,464)	0	**0**
CSRFF Grant - Swimming Pool Stage 2	Recreation & Culture	0	0	0	**0**	121,000	(74,377)	0	**46,623**
Dept of Fire & Emergency 14/15 1ST Qtr Funding*	Law, Order & Public Safety	0	0	0	**0**	7,250	0	0	**7,250**
Community Water Grant - Puntapin	General Purpose	0	0	0	**0**	40,000	(14,129)	(25,871)	**0**
Total		283,246	676,871	(415,210)	544,907	577,757	(847,324)	(25,871)	249,469

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 2014

	Note	2014 $	2013 $
3. CASH AND CASH EQUIVALENTS			
Unrestricted		406,363	400,219
Restricted		945,963	1,460,297
		1,352,326	1,860,516
Unrestricted Cash		156,894	(159,840)
Restricted Cash- Unspent Grant (refer to Note 2c)		249,469	544,907
Restricted Cash- Unspent Loans (refer to Note 21c)		0	15,152
		406,363	400,219
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	86,271	84,876
Plant Reserve	11	105,262	102,264
Rec Centre Equip Reserve	11	10,582	10,405
Aerodrome Mtc Reserve	11	1,968	1,932
Muni Building Reserve	11	132,662	565,477
Adminstration Centre Reserve	11	2,338	2,295
Land Development Reserve	11	103,367	101,071
Community Bus Reserve	11	61,948	60,865
HACC Reserve	11	146,258	143,684
Recreation & Development Reserve	11	47,792	144,022
Refuse Waste Mgt Reserve	11	106,717	104,994
Wagin Water Mgt Reserve	11	120,604	118,411
Refuse Site Rehab Reserve	11	20,194	20,000
		945,963	1,460,297
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		37,080	58,284
Sundry Debtors		480,385	609,307
GST Receivable		38,341	35,256
Loans - Clubs/Institutions		9,923	9,264
		565,729	712,111
Non-Current			
Rates Outstanding - Pensioners		66,381	66,381
Loans - Clubs/Institutions		99,314	109,237
		165,695	175,617
5. INVENTORIES			
Current			
Fuel and Materials		47,653	43,352
		47,653	43,352

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

6. PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
Land and Buildings		
Land at:		
- Independent Valuation 2014	1,690,600	0
- Cost	0	279,759
	1,690,600	279,759
Total Land	1,690,600	279,759
Buildings at:		
- Independent Valuation 2014	16,063,853	0
- Cost	0	8,510,773
Less: Accumulated Depreciation	(382,147)	(1,753,619)
	15,681,706	6,757,154
Total Buildings	15,681,706	6,757,154
Total Land and Buildings	17,372,306	7,036,913
Furniture and Equipment at:		
- Cost	1,297,268	1,221,281
Less Accumulated Depreciation	(820,028)	(732,649)
	477,240	488,632
Plant and Equipment at:		
- Management Valuation 2013	1,886,000	1,886,000
- Additions after Valuation - Cost	515,163	0
Less Accumulated Depreciation	(235,304)	0
	2,165,859	1,886,000
Tools at:		
- Additions after Valuation - Cost	11,355	11,355
Less Accumulated Depreciation	(10,416)	(9,829)
	939	1,526
	20,016,344	9,413,071

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

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and Buildings:

The Shires Land & Buildings were revauled at 30 June 2012 by Independent Valuers.

Valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their Highest and best use (Level 2 inputs in the fair value hierachy).

Council believes that these values have not significantly changed since the last valuation.

The revaluations resulted in an overall increase of $9,661,552 in the net value of the Shire's Land and Buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) for further details) and was recognised as changes on Revaluation of Non-current assets in the Statement of Comprehensive Income.

Furniture and Equipment
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.

Easments
The Council has reviewed all easments 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 2014

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

		Balance at the Beginning of the Year $	Additions $	(Disposals) $	Revaluation Increments/ (Decrements) $	Impairment (Losses)/ Reversals $	Depreciation (Expense) $	Carrying Amount at the End of Year $
Land	(Level 2)	279,759	0	(30,000)	1,440,841	0	0	1,690,600
Total Land		**279,759**	**0**	**(30,000)**	**1,440,841**	**0**	**0**	**1,690,600**
Buildings	(Level 2)	6,757,154	1,077,288	0	8,220,711	0	(373,446)	15,681,707
Total Buildings		**6,757,154**	**1,077,288**	**0**	**8,220,711**	**0**	**(373,446)**	**15,681,707**
Total Land and Buildings		**7,036,913**	**1,077,288**	**(30,000)**	**9,661,552**	**0**	**(373,446)**	**17,372,307**
Furniture and Equipment		488,632	75,987	0	0	0	(87,379)	477,240
Plant and Equipment	(Level 2)	1,886,000	535,163	(18,726)	0	0	(236,578)	2,165,859
Tools		1,526	0	0	0	0	(587)	939
Total Property, Plant and Equipment		**9,413,071**	**1,688,438**	**(48,726)**	**9,661,552**	**0**	**(697,990)**	**20,016,345**

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

	2014	2013
	$	$
7. INFRASTRUCTURE		
Roads		
- Additions after Valuation - Cost	0	29,119,990
- Cost	30,101,125	0
Less Accumulated Depreciation	(9,550,737)	(8,948,714)
	20,550,388	20,171,276
Other Infrastructure		
- Cost	1,399,138	1,211,804
Less Accumulated Depreciation	(206,624)	(167,598)
	1,192,514	1,044,206
	21,742,902	21,215,482

Roads:

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 2014

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year $	Additions $	(Disposals) $	Revaluation Increments/ (Decrements) $	Impairment (Losses)/ Reversals $	Depreciation (Expense) $	Carrying Amount at the End of Year $
Roads	20,171,276	981,134	0	0	0	(602,022)	20,550,388
Other Infrastructure	1,044,206	187,334	0	0	0	(39,026)	1,192,514
Total	**21,215,482**	**1,168,468**	**0**	**0**	**0**	**(641,048)**	**21,742,902**

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

	2014 $	2013 $
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	305,156	166,138
Accrued Interest on Debentures	4,109	4,454
Accrued Salaries and Wages	49,172	43,968
ATO Liabilities	16,443	33,510
PAYG Payable	31,236	25,919
	406,116	273,989

9. LONG-TERM BORROWINGS

	2014 $	2013 $
Current		
Secured by Floating Charge Debentures	63,751	60,340
	63,751	60,340
Non-Current		
Secured by Floating Charge Debentures	841,179	904,930
	841,179	904,930

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

	2014 $	2013 $
Current	282,207	261,701
Non-Current	44,759	27,774
	326,966	289,475

	Provision for Annual Leave $	Provision for Long Service Leave $	Total $
Opening balance at 1 July 2013	121,729	167,746	289,475
Additional provision	24,237	22,188	46,425
Amounts used	(5,711)	(3,223)	(8,934)
Balance at 30 June 2014	140,255	186,711	326,966

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

	2014 $	2014 Budget $	2013 $
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	84,876	84,876	62,198
Amount Set Aside / Transfer to Reserve	1,395	3,395	22,678
Amount Used / Transfer from Reserve	0	(15,000)	0
	86,271	(73,271)	84,876
(b) Plant Reserve			
Opening Balance	102,264	102,264	217,883
Amount Set Aside / Transfer to Reserve	2,998	4,091	54,381
Amount Used / Transfer from Reserve		0	(170,000)
	105,262	(106,355)	102,264
(c) Rec Centre Equip Reserve			
Opening Balance	10,405	10,405	8,250
Amount Set Aside / Transfer to Reserve	177	2,216	2,155
Amount Used / Transfer from Reserve	0	(6,500)	0
	10,582	(6,121)	10,405
(d) Aerodrome Mtc Reserve			
Opening Balance	1,933	1,933	1,853
Amount Set Aside / Transfer to Reserve	35	77	80
Amount Used / Transfer from Reserve	0	0	0
	1,968	(2,010)	1,933
(e) Muni Building Reserve			
Opening Balance	565,477	565,477	548,515
Amount Set Aside / Transfer to Reserve	10,531	42,619	23,616
Amount Used / Transfer from Reserve	(443,346)	(443,346)	(6,654)
	132,662	164,750	565,477
(f) Adminstration Centre Reserve			
Opening Balance	2,295	144,021	2,200
Amount Set Aside / Transfer to Reserve	43	10,762	95
Amount Used / Transfer from Reserve	0	(100,000)	0
	2,338	54,783	2,295
(g) Land Development Reserve			
Opening Balance	101,071	2,296	142,918
Amount Set Aside / Transfer to Reserve	2,296	91	6,153
Amount Used / Transfer from Reserve	0	0	(48,000)
	103,367	2,387	101,071
(h) Community Bus Reserve			
Opening Balance	60,865	101,071	53,561
Amount Set Aside / Transfer to Reserve	1,083	134,043	7,304
Amount Used / Transfer from Reserve	0	(20,000)	0
	61,948	215,114	60,865
(i) HACC Reserve			
Opening Balance	143,684	60,865	128,166
Amount Set Aside / Transfer to Reserve	2,574	6,435	15,518
Amount Used / Transfer from Reserve	0	0	0
	146,258	67,300	143,684
(j) Recreation & Development Reserve			

Opening Balance	144,022	143,684	257,772
Amount Set Aside / Transfer to Reserve	3,770	5,747	16,099
Amount Used / Transfer from Reserve	(100,000)	(22,500)	(129,849)
	47,792	126,931	144,022
(k) Refuse Waste Mgt Reserve			
Opening Balance	104,994	104,994	76,692
Amount Set Aside / Transfer to Reserve	1,723	24,200	28,302
Amount Used / Transfer from Reserve	0	(100,000)	0
	106,717	29,194	104,994
(l) Wagin Water Mgt Reserve			
Opening Balance	118,411	118,411	113,523
Amount Set Aside / Transfer to Reserve	2,193	4,736	4,888
Amount Used / Transfer from Reserve	0	(10,000)	0
	120,604	113,147	118,411
(m) Refuse Site Rehab Reserve			
Opening Balance	20,000	20,000	0
Amount Set Aside / Transfer to Reserve	194	10,800	20,000
Amount Used / Transfer from Reserve	0	0	0
	20,194	30,800	20,000
TOTAL RESERVES	945,963	616,649	1,460,297
Total Opening Balance	1,460,297	1,460,297	1,613,531
Total Amount Set Aside / Transfer to Reserve	29,012	249,212	201,269
Total Amount Used / Transfer from Reserve	(543,346)	(717,346)	(354,503)
TOTAL RESERVES	945,963	992,163	1,460,297

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

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

11. RESERVES - CASH BACKED (continued)

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

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

(a) 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.

(b) 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.

(c) Rec Centre Equip 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.

(d) Aerodrome Mtc 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.

(e) Muni Building 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.

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

(g) 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, residentual, commercial and other purposes, as the need arises and Council sees fit.

(h) 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.

(i) HACC 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 requireme

(j) 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.

(k) Refuse Waste Mgt Reserve
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 fot the waste management in working towars zero waste.

(l) Wagin Water Mgt 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.

(m) Refuse Site Rehab 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.

The Aerodrome Mtce and Admin Centre Reserves are expected to be fully utilised in 2014/15.

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

12. REVALUATION SURPLUS	2014 $	2013 $
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening Balance	0	0
Revaluation Increment	1,440,841	0
Revaluation Decrement	0	0
	1,440,841	0
(b) Buildings		
Opening Balance	0	0
Revaluation Increment	8,220,711	0
Revaluation Decrement	0	0
	8,220,711	0
(c) Plant & Equipment		
Opening Balance	269,001	0
Revaluation Increment	0	269,001
Revaluation Decrement	0	0
	269,001	269,001
(d) Roads		
Opening Balance	3,893,170	3,893,170
Revaluation Increment	0	0
Revaluation Decrement	0	0
	3,893,170	3,893,170
TOTAL ASSET REVALUATION SURPLUS	13,823,723	4,162,171

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 $	2014 Budget $	2013 $
Cash and Cash Equivalents	1,352,326	1,032,163	1,860,516

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

	2014 $	2014 Budget $	2013 $
Net Result	699,671	2,631,579	1,547,728
Depreciation	1,339,038	1,124,433	1,083,011
(Profit)/Loss on Sale of Asset	2,953	(49,290)	(78,887)
(Increase)/Decrease in Receivables	147,041	532,896	(534,260)
(Increase)/Decrease in Inventories	(4,301)	(1,648)	(516)
Increase/(Decrease) in Payables	132,126	58,131	(107,133)
Increase/(Decrease) in Employee Provisions	37,491	0	(107,212)
Grants Contributions for the Development of Assets	(1,323,158)	(3,280,548)	(1,771,568)
Loss on Revaluation of Fixed Assets	0	0	0
Net Cash from Operating Activities	1,030,861	1,015,553	31,163

(c) Undrawn Borrowing Facilities	2014 $	2013 $
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	(1,736)	(2,697)
Total Amount of Credit Unused	12,264	11,303
Loan Facilities		
Loan Facilities - Current	63,751	60,340
Loan Facilities - Non-Current	841,179	904,930
Total Facilities in Use at Balance Date	904,930	965,270
Unused Loan Facilities at Balance Date	0	0

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

14. CONTINGENT LIABILITIES

Council has no Contingent Liabilities as at 30th June 2014

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	39,644	31,969
- later than one year but not later than five years	0	0
- later than five years	0	0
	39,644	31,969

(b) Capital Expenditure Commitments

Council has no Capital Expenditure Commitments as at 30th June 2014.

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

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014 $	2013 $
Governance	3,572,370	781,334
General Purpose Funding	369,592	675,444
Law, Order, Public Safety	737,097	244,596
Health	798,425	302,933
Education and Welfare	374,789	232,557
Community Amenities	585,999	315,591
Recreation and Culture	10,473,407	4,394,614
Transport	23,276,763	22,190,797
Economic Services	414,205	299,956
Other Property and Services	2,433,537	2,494,453
Unallocated	854,465	1,218,872
	43,890,649	33,151,147

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

18. FINANCIAL RATIOS

	2014	2013	2012
Current Ratio	0.95	1.31	3.21
Asset Sustainability Ratio	2.10	2.86	2.05
Debt Service Cover Ratio	6.70	7.98	17.69
Operating Surplus Ratio	(0.22)	(0.09)	0.22
Own Source Revenue Coverage Ratio	0.48	0.52	0.61

The above ratios are calculated as follows:

Current Ratio

$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

Asset Sustainability Ratio

$$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$$

Debt Service Cover Ratio

$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Operating Surplus Ratio

$$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

Own Source Revenue Coverage Ratio

$$\frac{\text{own source operating revenue}}{\text{operating expenses}}$$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 56 of this document.

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

19. TRUST FUNDS

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

	Balance 1 July 2013 $	Amounts Received $	Amounts Paid ($)	Balance 30 June 2014 $
Deposits - Town Hall	850	1,550	(1,700)	700
Deposits - Community Bus	900	3,600	(3,750)	750
Deposits - Rec Centre	3,112	6,500	(7,300)	2,312
BCITF	0	3,025	(3,025)	0
Building Services Levy	0	2,339	(2,339)	0
Nomination Deposits	0	560	(560)	0
Other Deposits	1,579	117,370	(410)	118,539
Unclaimed Money	1,733	0	0	1,733
In Lieu of Public Open Space	8,200	0	0	8,200
Refuse Site Key	20	0	0	20
Lincensing Takings	16,295	10,784	(16,295)	10,783
Staff Christmas Fund Receipts	0	2,280	0	2,280
	32,689			145,317

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual $	Budget $	Actual $	Budget $	Actual $	Budget $
Plant and Equipment						
Governance						
Toyota Klugger	0	27,900	0	31,000	0	3,100
Education and Welfare						
Sale of HACC Vehicle	18,726	0	10,545	10,500	(8,181)	10,500
Transport						
Toro Ride Mower	0	11,500	0	8,000	0	(3,500)
Land						
Other Property and Services						
Lot 67 Marks Court	0	47,286	0	60,000	0	12,714
Lot 70 Marks Court	0	28,524	0	40,000	0	11,476
Industrial Blocks	0	15,000	0	30,000	0	15,000
Sale of Land	30,000	0	35,228	0	5,228	0
	48,726	130,210	45,773	179,500	(2,953)	49,290

	Actual	Budget
Profit	5,228	52,790
Loss	(8,181)	(3,500)
	(2,953)	49,290

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 $	New Loans $	Principal Repayments Actual $	Principal Repayments Budget $	Principal 30 June 2014 Actual $	Principal 30 June 2014 Budget $	Interest Repayments Actual $	Interest Repayments Budget $
Education and Welfare								
Loan 137 - 5 Arnott Street	232,604	0	9,141	9,141	223,463	223,463	13,753	13,753
Recreation and Culture								
Loan 131 - Recreation Centre	104,302	0	6,380	6,380	97,922	97,922	6,565	6,565
*Loan 133 - Wagin Bowling Club**	118,500	0	9,264	9,264	109,236	109,236	7,876	7,876
Loan 139 - Swimming Pool Redevelopment	291,126	0	9,337	9,337	281,789	281,789	14,699	14,699
Economic Services								
Loan 140 - Puntaping Dam Pipe Line	81,669	0	19,129	19,129	62,540	62,540	3,199	3,199
Other Property and Services								
Loan 138 - Council Residence	137,069	0	7,089	7,089	129,980	129,980	8,485	8,485
	965,270	0	60,340	60,340	904,930	904,930	54,577	54,577

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

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

The Shire did not take up any new debentures during the year ended 30 June 2013.

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1 July 13 $	Borrowed During Year $	Expended During Year $	Balance 30 June 14 $
Loan 140 - Puntaping Dam Pipe Line		15,152	0	15,152	0
		15,152	0	15,152	0

The Shire did not have any unspent debentures as at 30 June 2013.

(d) Overdraft

Council did not use an overdraft facility during the 2013/2014 Financial year and does not have any overdraft facility in place

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates RATE TYPE	Rate in $	Number of Properties	Rateable Value $	Rate Revenue $	Interim Rates $	Back Rates $	Total Revenue $	Budget Rate Revenue $	Budget Interim Rate $	Budget Back Rate $	Budget Total Revenue $
Differential General Rate / General Rate											
Gross Rental Value	0.1124	739	6,085,195	683,757	654	225	684,636	682,478	3,000	500	685,978
Unimproved Value Valuations											
Unimproved Value	0.0694	360	166,457,000	1,155,876	0	0	1,155,876	1,155,878	2,000	0	1,157,878
Sub-Totals		1,099	172,542,195	1,839,633	654	225	1,840,512	1,838,356	5,000	500	1,843,856
	Minimum $										
Minimum Payment											
Gross Rental Value	480	167	0	79,200	0	0	79,200	80,160	0	0	80,160
Unimproved Value Valuations											
Unimproved Value	480	38	0	18,240	0	0	18,240	18,240	0	0	18,240
Sub-Totals		205	0	97,440	0	0	97,440	98,400	0	0	98,400
							1,937,952				1,942,256
Ex-Gratia Rates							8020				7836
Discounts (refer note 25.)							(71,039)				(69,000)
Total Amount Raised From General Rate							**1,874,933**				**1,881,092**
Specified Area Rate (refer note 23.)							0				0
Totals							1,874,933				1,881,092

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2014 (30 June 2014 Carried Forward) $	2014 (1 July 2013 Brought Forward) $	2013 (30 June 2013 Carried Forward) $
Surplus/(Deficit) 1 July 13 Brought Forward	656,987	920,851	920,851
Comprises:			
Cash and Cash Equivalents			
Unrestricted	406,363	400,219	400,219
Restricted	945,963	1,460,297	1,460,297
Receivables			
Rates Outstanding	37,080	58,284	58,284
Sundry Debtors	480,385	609,307	609,307
GST Receivable	38,341	35,256	35,256
Loans - Clubs/Institutions	9,923	9,264	9,264
Inventories			
Fuel and Materials	47,653	43,352	43,352
Less:			
Trade and other Payables			
Sundry Creditors	(305,156)	(166,138)	(166,138)
ATO Liabilities	(16,443)	(33,510)	(33,510)
PAYG Payable	(31,236)	(25,919)	(25,919)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	63,751	60,340	60,340
Net Current Assets	**1,676,624**	**2,450,752**	**2,450,752**
Less:			
Reserves - Restricted Cash	(945,963)	(1,460,297)	(1,460,297)
Loans - Clubs/Institutions	(9,923)	(9,264)	(9,264)
Add:			
Secured by Floating Charge Debentures	(63,751)	(60,340)	(60,340)
Surplus/(Deficit)	**656,987**	**920,851**	**920,851**

Difference

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

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

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The Shire did not impose any service charges.

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

	Type	Disc %	Total Cost/ Value $	Budget Cost/ Value $
General Rates	Discount	5.00%	71,039	69,000
			71,039	69,000
Rate Assessment	Write-Off	N/A	6,539	15,000

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 - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge $	Revenue $	Budgeted Revenue $
Interest on Unpaid Rates	11.00%		13,893	16,000
Charges on Instalment Plan		5	5,909	5,000
			19,802	21,000

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

27. FEES & CHARGES

	2014 $	2013 $
General Purpose Funding	55,964	38,316
Law, Order, Public Safety	10,249	7,451
Health	3,929	5,284
Education and Welfare	61,400	63,784
Community Amenities	270,460	277,748
Recreation and Culture	53,388	48,596
Economic Services	56,477	59,908
Other Property and Services	408,747	29,316
	920,614	530,403

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 2014

28. GRANT REVENUE

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

	2014	2013
By Nature or Type:	$	$
Operating Grants, Subsidies and Contributions	1,429,572	1,896,675
Non-Operating Grants, Subsidies and Contributions	1,323,158	1,771,568
	2,752,730	3,668,243
By Program:		
Governance	9,518	6,722
General Purpose Funding	918,299	2,411,730
Law, Order, Public Safety	413,544	33,276
Health	84,592	68,015
Education and Welfare	320,225	303,851
Community Amenities	21,111	55,703
Recreation and Culture	140,844	16,726
Transport	793,961	758,328
Economic Services	45,045	644
Other Property and Services	5,592	13,248
	2,752,731	3,668,243

29. EMPLOYEE NUMBERS

	2014	2013
The number of full-time equivalent employees at balance date	24	28

30. ELECTED MEMBERS REMUNERATION

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

	2014 $	2014 Budget $	2013 $
Meeting Fees	13,739	15,000	4,689
President's Allowance	9,000	9,000	6,000
Deputy President's Allowance	1,125	2,250	1,550
Travelling Expenses	3,017	3,500	2,762
	26,881	29,750	15,001

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

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, 2012/2013 or 2013/2014. 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	2014 $	2014 Budget $	2013 $
Operating Revenue			
- Profit on sale		24,190	0
Capital Revenue			
- Sale Proceeds		100,000	0
Capital Expenditure			
- Purchase of Land			
- Development Costs			
	0	0	0

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	$	$	$	$
Financial Assets				
Cash and cash equivalents	1,352,326	1,860,516	1,352,326	1,860,516
Receivables	731,423	887,728	731,424	887,727
	2,083,749	2,748,244	2,083,750	2,748,243
Financial Liabilities				
Payables	406,115	273,989	406,115	273,989
Borrowings	904,930	965,270	(851,639)	(895,575)
	1,311,045	1,239,259	(445,524)	(621,586)

Fair value is determined as follows:

• Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.

• Borrowings, Held to Maturity Investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

• Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

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

33. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents
Financial assets at fair value through profit and loss
Available-for-sale financial assets
Held-to-maturity investments

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

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

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

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

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

	2014 $	2013 $
Impact of a 10% (1) movement in interest rates on cash		
- Equity	135,233	186,050
- Statement of Comprehensive Income	135,233 (2)	186,050 (1)

Notes:

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

(2) Maximum impact.

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2014	**2013**
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	97%	70%
- Overdue	3%	30%

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

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

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

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

	Due within 1 year $	Due between 1 & 5 years $	Due after 5 years $	Total contractual cash flows $	Carrying values $
2014					
Payables	406,116	0	0	406,116	406,116
Borrowings	154,943	356,910	393,077	904,930	904,930
	561,059	356,910	393,077	1,311,046	1,311,046
2013					
Payables	273,989	0	0	273,989	273,989
Borrowings	114,917	437,339	850,298	1,402,554	965,270
	388,906	437,339	850,298	1,676,543	1,239,259

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year $	>1<2 years $	>2<3 years $	>3<4 years $	>4<5 years $	>5 years $	Total $	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	0	0	62,540	0	0	842,390	904,930	5.80%
Weighted Average Effective Interest Rate	0.00%	0.00%	4.29%	0.00%	0.00%	5.91%		
Year Ended 30 June 2013								
Borrowings								
Fixed Rate								
Debentures	0	0	0	81,669	0	883,601	965,270	5.97%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	4.29%	0.00%	5.79%		

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**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 2014 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.

DIRECTORS: Andrew Northcott B Com CPA • Craig Lane B Com CPA • Dale Woodruff B Bus CPA • Jon Bush B Com CPA
Leanne Oliver B Com CPA • Neil Hooper B Com CPA • Simon Northey B Bus CPA • Glenn Waldeck B Bus CPA • Roger Thomson B Bus CA
ASSOCIATES: Ian James B Com CPA • Lea Williams B Com CA • Brant Jansen B Bus CPA • Ryan Naughton B Com CPA • Tony Umbrello B Bus CA
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Statutory Compliance

During the course of our audit we did not become aware of the any matters which did not comply with the Local Government (Financial Management) Regulations1996 (as amended) or the Local Government Act 1995.

Auditor's Opinion

In our opinion, 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 2014 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) Regulations1996 (as amended).

LEANNE OLIVER CPA
Director

BYFIELDS
BELMONT WA

Date: 4 December 2014

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

RATIO INFORMATION

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

	2014	2013	2012
Asset Consumption Ratio	0.724	0.206	N/A
Asset Renewal Funding Ratio	0.523	0.441	N/A

The above ratios are calculated as follows:

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

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

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