

ANNUAL REPORT

2011 - 2012



SHIRE OF
WAGIN



Shire of Wagin

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Shire Statistics

Population	1,847
Number of Electors	1,315
Number of Dwellings	949
Distance from Perth (km)	227
Area (sq km)	1,950
Suburbs and Localities	Piesseville, Wagin
Library	Trent St, Wagin
Kindergarten	Johnston St, Wagin
Pre-school	Ranford St, Wagin
Secondary School	Ranford St, Wagin
Length of Sealed Roads (km)	260
Length of Unsealed Roads (km)	626
Rates Income	\$1,697,204
Total Revenue	\$6,788,696
Council Employees	27

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, Grain, Engineering Manufacture 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 and Harvest Carnival – December.



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GENERAL INFORMATION

Your Elected Members

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

The Shire of Wagin elected members as at 30th June 2012 are -

Cr PJ (Phillip) Blight – Shire President

Elected to office in 1992, Retiring 2015

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

Cr GR (Greg Ball) – Deputy Shire President

Elected to office in 2007, Retiring 2015

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

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2013

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

Cr D (Dale) Lloyd

Elected to office in 2011, Retiring 2015

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

Cr J (Joseph) Shaw

Elected to office in 2009, Retiring 2013

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

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2013

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

Cr C (Cliff) Brockwell

Elected to office in 2012, Retiring 2013

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

Cr R (Ron) Walker

Elected to office in 2011, Retiring 2015

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

Cr G (Geoff) West

Elected to office in 2009, Retiring 2013

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

Cr EN (Ted) Pugh

Elected to office in 2011, Retiring 2015

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

Cr G (Gerard) Hegarty

Elected to office in 2009, Retiring 2013

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

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

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

Management

Chief Executive Officer	Len Calneggia
Manager of Finance and Corporate Services	Brian Roderick
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 2011/2012.

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.

Local Government elections were held in 2011 with five nominations received for the five vacancies (no election required). Councillors Blight, Ball and Pugh were re elected and we welcomed new councillors Ron Walker and Dale Lloyd. Keith Draper did not renominate and I would like to acknowledge his eight years of service on Council. Due to the resignation of Dean Morgan from Council in December an extraordinary election was held in March which saw three nominations for the one position. Cliff Brockwell was elected for an eighteen month term, I would also like to acknowledge Dean for his eight years of service on Council.



In November last year Council reviewed its Strategic Plan with consultant Marg Hemsley. This review enabled Councillors to continue planning for the future and commence the shift to the State Government's new Integrated Planning and Reporting for all local governments.

Council was fortunate enough to again receive \$394,637 through the Royalties for Regions Country Local Government Fund. In accordance with Councils adopted Forward Capital Works Plan this money will be spent on Wagin's Swimming Pool Redevelopment.

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 2011/2012 were:

- Continued redevelopment of the Wagin Memorial Swimming Pool.
- Completion of the new Skate Park.
- Completion of the CCTV camera network.
- New kitchen and carpet in the Eric Farrow Pavilion.
- New Bar and Lounge Area upgrade in the Recreation centre.
- Sealing of the East/West airstrip at the Wagin Aerodrome.
- The undertaking and completion of an extensive capital road works program.
- Purchase of a new Komatsu Grader.
- Purchase of three new fire fighting fast fill mobile trailers.

Council hosted a New Residents Reception in the Eric Farrow Pavilion in March 2012, this again proved to be a very popular function with some 51 people attending including 19 new residents. The Shire also held a very successful Harvest Carnival, this event was attended by over three hundred residents who enjoyed free activities and entertainment.

Council also assisted the Wagin Agricultural Society hold another very successful Woolorama. Council again had its own information site; our presence at Woolorama provided some promotional opportunities for our Shire.

The Shire of Wagin remains in a sound financial position with good reserve levels and low debt levels.

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



2012 Australia Day Breakfast & Celebrations

Chief Executive Officer's Report

I am pleased to present my report on the activities of the Shire of Wagin for the 2011/2012 year. It has been a solid year of growth and productivity for the Shire that has led to improved services and facilities for the community.

The 2011/2012 Annual Budget was adopted by Council at the August Council meeting on the 23rd August 2011 incorporating an overall increase in rates of 6.8%. 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.



Community Strategic Plan – Integrated Planning

The minister for local government has introduced regulations that will make it mandatory to complete Integrated Plans prior to 1 July 2013. The framework of these plans include a Community Strategic Plan (CSP), a Corporate Plan (CP), Asset Management Plan (AMP), Long Term Financial Plan (LTFP) and Workforce Plan.

The shire of Wagin was fortunate to receive a grant of \$140,000 to assist with the preparation and consultants have been appointed to assist in this process.

Wagin Airstrip

Council was successful in obtaining a Regional Airports Development (RADS) grant of \$386,163 to assist in sealing the East West runway at a total cost of \$546,973.

Landcare

Council continues to support Landcare activities in conjunction with the Shire of Woodanilling. Landcare officers as well as offering good support to our farming communities and have managed to attract thousands of dollars for on ground works for the benefit of many.

Waste Management

Council continues to be the lead council in a group of eleven other Local Governments to look for a suitable site in which to replace respective waste sites for each Council and with the weight of numbers develop and manage a landfill site for all group members. This has proven to be a lengthy and difficult task however with resilience it is hoped that we will meet with success shortly.

Swimming Pool Redevelopment

Following the close of tender period for the upgrade of the Wagin swimming pool, Wet Deck pools were selected from only two tenderers. The upgrade will consist of placing a wet deck to the 50 metre lap pool and removal and replacement of learn to swim pool. Council has elected to place a disability access ramp to the main pool which will greatly



New Plant & Filtration

assist people with limited mobility in using the pool. Although work has progressed slowly we are sure that when finished the community of Wagin will be well pleased. Council and staff are currently working on stage two of this project which includes the refurbishment and replacement of the kiosk and changerooms .

Structural Reform

The minister for Local Government has changed focus on reform in the regional area's, at least for now, and has commissioned a review of all 30 Metro council's. A panel of three eminent persons was appointed in June 2010 with specific terms of reference the main task being to recommend the most appropriate local government structures and governance models for a metropolitan Perth that will cater for an increased population for the next 50 years.

Structural reform in the country has abated and although the Minister still states that forced amalgamations are not in his agenda.



Councillors and staff again presented a display at Woolorama of activities and provided an opportunity for both local and visitors to learn of Council operations and interact with various personnel.

As this will be my last report as CEO with council I would like to thank the community of Wagin for the friendliness shown to my wife Elsie and I over the past 4 years.

I would like also to take this opportunity to acknowledge the support that I have received from the Shire President Cr Phillip Blight and Council members. It is a pleasure to work with a group of volunteers that are dedicated to the current and future wellbeing of the Shire of Wagin. I would also like to acknowledge the support and dedication of our staff whose hard work and dedication also needs special mention.

Len Calneggia
Chief Executive Officer

CORPORATE SERVICES

Annual Financials and Audit Report

Council's Annual Financial Report for the 30th June was audited by Dale Woodruff of Byfields. It was pleasing to receive a totally clean audit with only one item on Council's Management Report relating to 2012/2013 grant income received in the 2011/2012 year. The Annual Financial Report is enclosed in this document.

Freedom of Information Act

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2011/2012 no applications were received for information under the terms of this legislation.

Employee Remuneration

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

	2011/2012	2010/2011
Salary Range \$120,000 - \$129,999	1	1

National Competition Policy

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

Competitive Neutrality

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

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

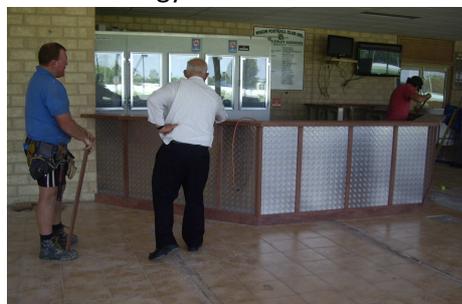
In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant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

Legislative Review

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

No new Local Laws were created in 2011/2012 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2011/2012 consequently there were no obligations to report in this area.



Rec Centre Bar Upgrade

State Records Act 2000

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

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

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

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

In 2008/2009 Council implemented a new electronic record keeping system; this will ensure Council is meeting its record keeping obligations.

Plan for the Future

A review of the Shire's plan for the future was completed in June 2008. The plan covers the period 2008/2009 to 2012/2013. The Plan for the Future is currently due for review, however Council adopted a Strategic Plan this year and will be undertaking the Integrated Planning and Reporting process.

REGULATORY SERVICES

Building Services

The Shire approved twenty six new building licenses in the 2011/2012 year. The total value of these approvals was \$1,245,000, with the construction of four new residential houses. The amount of \$5,593 in building fees was collected during the year.

Ranger Services

The number of complaints and interventions concerning dogs has reduced significantly. The ranger completed a course on Illegal Dumping of Rubbish and also several legal units to give him various powers under legislation.

Building Maintenance and Asset Management

A comprehensive maintenance schedule was further refined this year with our Building Maintenance Officer completing 343 jobs in the period. He also completed an Asbestos Management Course.

The Trotting and Football clubs together with the Shire and the Wagin Agricultural Society funded a new members lounge and bar at the Recreation Centre.

The proposed CEO house went out for tender and building should commence later in 2012.

Stage 1 of the upgrade to the Swimming Pools continued throughout the year and now the Second Stage plans are being prepared.

The Early Child Hood Centre was converted into a commercial Child Care Centre which allowed opportunities for parents to gain additional employment.

Emergency Management

The CESM position developed further with new resources and training being offered to our volunteers. A number of emergency incidents have been well supported by this officer. A new SES Unit was formed and training in this specialised area has been very consistent. They acquired a new SES trailer and many other resources.



Occupational Health & Safety

The Shire hosted a Regional OSH meeting and attended a number of training sessions. The Council adopted an Alcohol and Drug Testing Policy and further work has been completed in the area of ergonomics, chemical storage and vehicle safety

Community Safety

CCTV Stage Two was completed with the installation of more cameras at the Showgrounds, Swimming Pool and in town. Crime rates reduced even further with the most serious episodes being attributed to out of town people. A number of offenders have been successfully charged as a result of the evidence obtained by CCTV. These include criminal, traffic and antisocial behaviour offences.

WORKS & SERVICES

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

Water Harvesting

Installation of a new pipe has begun from Puntapin Dam to the Recreation Ground to irrigate the Woolorama grassed areas, RV area, Shire Office, School Oval, Wetlands Park and Caravan Park. All materials have been purchased and project should be finished and operational in early 2013.



Weir behind the Depot

Capital Works

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

- Heavy haulage realignment of Airfield Road.
- Gravel sheeting on Walker, Nallian, Beaufort, Wagin Wickepin and Lime Lake East Roads.
- Continued surface corrections and resealing of Ballagin and Jaloran Roads
- Clear and widen shoulders on Carmody and Dongolocking, Roads.
- Seal work on Leake Way and Rifle St North including kerbing.
- Upgrade and seal the East West Runway at the Wagin Aerodrome.



Sealing Wagin Airstrip

Road Maintenance

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

Storm Damage

In November 2011 a severe thunder storm hit Wagin and the surrounding areas causing significant flooding and damage to the Shires road network. The event was declared a natural disaster under the Western Australian Natural Disaster Relief and Recovery Arrangements. Major repairs to the effected areas were undertaken by Shire staff including installation and upgrading of new culverts. Also new drainage works in town was completed to prevent flooding In the CBD and town site.



Komatsu Grader

COMMUNITY SERVICES

Disability Access and Inclusion Plan

The Disability and Inclusion Plan was reviewed and a series of recommendations collated and implemented. This review was also supported by a very comprehensive Town Audit which included some commercial properties.

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

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

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

Outcome 2: Access to buildings and facilities are improved.

During 2011/2012 Council continued its town site footpath maintenance program to improve access for all users.

Council also resolved to include and build a new disability access ramp as part of the Town Swimming Pool redevelopment.

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



New Pool Disabled Access Ramp

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

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

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

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

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

To ensure that people with disabilities can access all Shire services and facilities the Shire conducted an Access Audit. The findings of the Audit have now been included in the general maintenance program and we are now more knowledgeable in respect to key issues

including correct signage, lighting, access to and within buildings, car parking, accessible public toilets and what is needed to do to allow better access to public spaces.

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

Home and Community Care (HACC)

This service covers both Wagin and West Arthur Shires and cares for approximately 90 clients. Services offered included domestic assistance, personal care, meals on wheels, respite care, transport and home maintenance.

Due to the implementation of the National Fees Policy in July a number of clients have reduced or cancelled the duration of their services as they are no longer able to afford it. The most significant one being transport and day trips both of which do not allow for a fee reduction

Transport costs are to be reviewed by HACC at the end of July 2013 and it hoped by the statistics provided that they will consider fee reductions for rural and remote agencies.

Centre Based Day care at the Eric Farrow Pavilion twice a month continues to remain da popular activity with 12 to 15 attending regularly.



Peter Coppin Workshop

Senior’s Week saw Narrogin and Darkan holding events free of charge for clients a small group from Wagin attended both of these events.

HACC continues to be a very valued service and manages to keep people in their homes longer. During the year a HACC Action Plan and Financial Reporting requirements have been developed.

Townscape

The implementation of the Townscape Plan saw mature trees being planted throughout the town with an emphasis on our arterial roads and replacing trees that were inappropriate under powerlines. A mixture of trees have been selected some native other deciduous.

The Town Crew has also established a nursery so now it will be possible to grow our own plants in the future. A new fence was erected around the Town Park and further upgrades to this and other gardens are in the planning stages.



New Street Trees

Community Events

Health related workshops focusing on the One Life Suicide Prevention Program, Indigenous health, Find Cancer Early were hosted by the Shire.

The Dry Season Assistance Grant enabled the Shire to: purchase a 5 metre Inflatable Cinema Package which has had considerable use and screened a number of vintage movies for seniors; host the Harvest Carnival; hold a cooking workshop with Vince Garreffa “Meaty Matters of the Mind”; subsidise the Movie Red Dog at the Little Gem Theatre and hold a gardening workshop on Sustainable Gardens with horticulturist Peter Coppin.

Other feature events supported by the Shire included 70 riders participating in the Kazan Endurance Ride, “Good Bye Fruitfly” baiting project, Defensive Driver Training for inexperienced drivers, a Banners in the Terrace entry and a map and new Wagin component in the Southern Wheatbelt tourist guide.

The Shire held a Heritage Planning and Conservation Workshop and an Economic Development Training session to look at possible regional strategies.



Meaty Matters of the Mind
Workshop



Celebrity Butcher Vince Garreffa

Sport and Recreation

The Sport and Recreation Master Plan was adopted by Council which now allows for more co-location of sporting clubs and will provide the leverage for new facilities to cater for growth sports such as cricket, hockey and tennis.

The skate park was completed and there are further plans to provide additional facilities in this location.

The Shire also hosts the Kidsport Program which has seen many young Wagin people join clubs and enjoy a sport that previously was beyond their reach.



New Wagin Skate Park

SHIRE OF WAGIN



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

The attached financial report of the Shire of Wagin the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Wagin at 30th June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 27th day of September 2012



Len Calneggia
Chief Executive Officer

SHIRE OF WAGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	22	1,697,204	1,683,151	1,569,881
Operating Grants, Subsidies		1,985,054	1,237,407	1,578,501
Contributions Reimbursements & Donations	28	281,313	140,089	250,233
Fees and Charges	27	564,828	641,410	482,218
Interest Earnings	2(a)	137,355	116,090	121,609
Other Revenue		146,423	141,100	155,294
		4,812,177	3,959,247	4,157,736
Expenses				
Employee Costs		(1,804,491)	(1,864,845)	(1,698,878)
Materials and Contracts		(1,250,807)	(1,256,864)	(1,346,815)
Utility Charges		(225,751)	(246,097)	(240,456)
Depreciation on Non-Current Assets	2(a)	(1,029,905)	(1,038,160)	(1,012,328)
Interest Expenses	2(a)	(41,856)	(41,856)	(35,630)
Insurance Expenses		(90,731)	(90,565)	(79,067)
Other Expenditure		(201,913)	(247,478)	(102,626)
		(4,645,454)	(4,785,865)	(4,515,800)
		166,723	(826,618)	(358,064)
Non-Operating Grants & Subsidies				
Contributions Reimbursements & Donations		1,354,935	2,324,472	1,021,327
Profit on Asset Disposals	20	454,861	479,904	28,003
Loss on Asset Disposal	20	0	(3,000)	(13,254)
Net Result		1,976,519	1,974,758	678,012
Other Comprehensive Income				
Total Other Comprehensive Income		0	0	0
Total Comprehensive Income		1,976,519	1,974,758	678,012

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 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		10,171	5,574	18,696
General Purpose Funding		3,884,490	4,066,282	3,374,787
Law, Order, Public Safety		93,990	49,850	97,224
Health		70,622	70,720	70,269
Education and Welfare		340,614	318,002	350,357
Community Amenities		307,755	267,580	263,646
Recreation and Culture		147,942	122,910	62,005
Transport		1,064,302	1,087,001	763,673
Economic Services		47,187	52,980	67,328
Other Property and Services		654,900	722,724	139,081
	2(a)	6,621,973	6,763,623	5,207,066
Expenses				
Governance		(303,720)	(292,112)	(338,868)
General Purpose Funding		(334,834)	(331,900)	(299,824)
Law, Order, Public Safety		(213,365)	(188,189)	(153,720)
Health		(283,343)	(267,370)	(227,170)
Education and Welfare		(422,192)	(455,095)	(399,094)
Community Amenities		(448,648)	(471,539)	(423,984)
Recreation and Culture		(670,152)	(734,688)	(644,600)
Transport		(1,364,357)	(1,347,281)	(1,554,740)
Economic Services		(193,908)	(218,587)	(195,581)
Other Property and Services		(369,079)	(440,248)	(255,843)
	2(a)	(4,603,598)	(4,747,009)	(4,493,424)
Borrowing Costs Expense				
Health		(1,376)	(1,376)	(3,107)
Recreation and Culture		(16,384)	(16,384)	(17,263)
Education and Welfare		(14,788)	(14,788)	(15,260)
Other Property and Services		(9,308)	(9,308)	0
	2(a)	(41,856)	(41,856)	(35,630)
Net Result		1,976,519	1,974,758	678,012
Other Comprehensive Income				
Changes in revaluation of net current assets	7	0	0	0
Total Other Comprehensive Income		0	0	0
Total Comprehensive Income		1,976,519	1,974,758	678,012

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

**SHIRE OF WAGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,207,216	2,390,259
Trade and Other Receivables	4	183,522	318,187
Inventories	5	42,836	43,861
TOTAL CURRENT ASSETS		<u>3,433,574</u>	<u>2,752,307</u>
NON-CURRENT ASSETS			
Other Receivables	4	178,594	179,864
Inventories	5	0	0
Property, Plant and Equipment	6	7,461,582	6,752,419
Infrastructure	7	20,801,133	19,974,514
TOTAL NON-CURRENT ASSETS		<u>28,441,309</u>	<u>26,906,797</u>
TOTAL ASSETS		<u>31,874,883</u>	<u>29,659,104</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	381,121	510,195
Long Term Borrowings	9	57,118	53,874
Provisions	10	371,207	352,371
TOTAL CURRENT LIABILITIES		<u>809,446</u>	<u>916,440</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	965,271	622,389
Provisions	10	25,480	22,108
TOTAL NON-CURRENT LIABILITIES		<u>990,751</u>	<u>644,497</u>
TOTAL LIABILITIES		<u>1,800,197</u>	<u>1,560,937</u>
NET ASSETS		<u>30,074,686</u>	<u>28,098,167</u>
EQUITY			
Retained Surplus		24,567,985	23,166,985
Reserves - Cash Backed	11	1,613,531	1,038,012
Reserves - Asset Revaluation	12	3,893,170	3,893,170
TOTAL EQUITY		<u>30,074,686</u>	<u>28,098,167</u>

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

Shire of Wagin
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**SHIRE OF WAGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012**

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010	22,432,032	1,094,953	3,893,170	27,420,155
Net Result	678,012	0	0	678,012
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	56,941	(56,941)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2011	23,166,985 0	1,038,012 0	3,893,170 0	28,098,167
Net Result	1,976,519	0	0	1,976,519
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(575,519)	575,519	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2012	<u>24,567,985</u>	<u>1,613,531</u>	<u>3,893,170</u>	<u>30,074,686</u>

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

Shire of Wagin
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**SHIRE OF WAGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,699,947	1,687,151	1,524,902
Operating Grants, Subsidies		1,985,054	1,237,407	1,578,501
Contribution Reimbursements & Donations		281,313	148,089	250,233
Fees and Charges		689,945	703,160	397,066
Interest Earnings		137,355	116,090	121,609
Goods and Services Tax		150,000	150,000	190,000
Other Revenue		146,423	141,100	155,294
		<u>5,090,037</u>	<u>4,182,997</u>	<u>4,217,605</u>
Payments				
Employee Costs		(1,804,491)	(1,864,845)	(1,650,149)
Materials and Contracts		(1,356,073)	(1,377,915)	(1,100,052)
Utility Charges		(225,751)	(256,097)	(240,456)
Insurance Expenses		(90,731)	(90,565)	(79,067)
Interest expenses		(39,846)	(41,856)	(34,196)
Goods and Services Tax		(152,585)	(150,000)	(150,000)
Other Expenditure		(201,913)	(247,478)	(102,626)
		<u>(3,871,390)</u>	<u>(4,028,756)</u>	<u>(3,356,546)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,218,647</u>	<u>154,241</u>	<u>861,059</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(1,428,222)	(3,346,117)	(1,062,136)
Payments for Construction of Infrastructure		(1,387,786)	(1,684,116)	(787,524)
Transfer to Inventories		0	0	(175,714)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,354,935	2,324,472	1,021,327
Proceeds from Sale of Plant & Equipment		705,182	912,000	203,489
Net Cash Provided By (Used In) Investing Activities		<u>(755,891)</u>	<u>(1,793,761)</u>	<u>(800,558)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(53,874)	(53,874)	(44,526)
Proceeds from Self Supporting Loans		8,075	8,075	7,538
Proceeds from New Debentures		400,000	250,000	150,000
Net Cash Provided By (Used In) Financing Activities		<u>354,201</u>	<u>204,201</u>	<u>113,012</u>
Net Increase (Decrease) in Cash Held		816,957	(1,435,319)	173,513
Cash at Beginning of Year		2,390,259	2,390,313	2,216,746
Cash and Cash Equivalents at the End of the Year	13(a)	<u>3,207,216</u>	<u>954,994</u>	<u>2,390,259</u>

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

Shire of Wagin
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**SHIRE OF WAGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
Governance		10,171	5,574	18,696
General Purpose Funding		2,187,286	2,383,131	1,804,906
Law, Order, Public Safety		93,990	49,850	97,224
Health		70,622	70,720	70,269
Education and Welfare		340,614	318,002	350,357
Community Amenities		307,755	267,580	263,646
Recreation and Culture		147,942	122,910	62,005
Transport		1,064,302	1,087,001	763,673
Economic Services		47,187	52,980	67,328
Other Property and Services		654,900	722,724	139,081
		<u>4,924,769</u>	<u>5,080,472</u>	<u>3,637,185</u>
Expenses				
Governance		(303,720)	(292,112)	(338,868)
General Purpose Funding		(334,834)	(331,900)	(299,824)
Law, Order, Public Safety		(213,365)	(188,189)	(153,720)
Health		(284,719)	(268,746)	(230,277)
Education and Welfare		(436,980)	(469,883)	(414,354)
Community Amenities		(448,648)	(471,539)	(423,984)
Recreation and Culture		(686,536)	(751,072)	(661,863)
Transport		(1,364,357)	(1,347,281)	(1,554,740)
Economic Services		(193,908)	(218,587)	(195,581)
Other Property and Services		(378,387)	(449,556)	(255,843)
		<u>(4,645,454)</u>	<u>(4,788,865)</u>	<u>(4,529,054)</u>
Net Result Excluding Rates		279,315	291,607	(891,869)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	(454,861)	(476,904)	(14,749)
Movement in Accrued Interest		2,009	0	1,434
Movement in Deferred Pensioner Rates (Non-Current)		(7,379)	0	(6,322)
Movement in Accrued Salaries and Wages		5,904	0	10,695
Movement in Employee Benefit Provisions		22,208	0	38,034
Depreciation and Amortisation on Assets	2(a)	1,029,905	1,038,160	1,012,328
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(939,409)	(2,700,092)	(615,978)
Purchase Infrastructure Assets - Roads		(766,328)	(942,116)	(771,644)
Purchase Infrastructure Assets - Others		(621,458)	(742,000)	(15,880)
Purchase Plant and Equipment		(420,140)	(511,400)	(398,583)
Purchase Furniture and Equipment		(68,673)	(134,625)	(47,575)
Proceeds from Disposal of Assets	20	705,182	912,000	203,489
Repayment of Debentures	21(a)	(53,874)	(53,874)	(44,526)
Proceeds from New Debentures	21	400,000	250,000	150,000
Self-Supporting Loan Principal Income		8,075	8,075	7,538
Transfers to Reserves (Restricted Assets)	11	(626,176)	(739,331)	(201,559)
Transfers from Reserves (Restricted Assets)	11	50,657	872,349	258,500
Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,230,658	1,245,000	987,444
Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,472,819	0	1,230,658
Amount Required to be Raised from Rates	22(a)	<u>(1,697,204)</u>	<u>(1,683,151)</u>	<u>(1,569,881)</u>

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. 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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

(f) Inventories

General

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

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

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Fixed Assets

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

Initial Recognition

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

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

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

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

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

Land under Roads

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

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

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

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

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

Depreciation of Non-Current Assets

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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

Buildings	50 years
Furniture and Equipment	10 years
Computer & Electronic Equipment	3 years
Plant and Equipment	10 years
Trucks	7 years
Sedans	4 years
Other Plant & Equipment	10 years

Infrastructure Assets

Sealed Roads and Streets	50 Years
Unsealed Roads	50 Years
Footpaths & Walkways	40 years
Drainage	50 Years
Pedestrian Bridges - Wood	20 Years
Vehicle Bridges - Wood	20 Years
Vehicle Bridges - Concrete	75 Years
Culverts - Wood	20 Years
Culverts - Concrete	75 Years
Dams	75 Years
Tanks & Reservoirs	35 Years

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

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

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

Capitalisation Threshold

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current 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.

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

(iii) Held-to-maturity investments

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

Derecognition

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

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

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

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

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

(l) Borrowing Costs

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

(m) Provisions

Provisions are recognised when:

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) Joint Venture

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

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

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

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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.

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

(u) 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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new and amended standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and Measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

SIGNIFICANT ACCOUNTING POLICIES

1. (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(vii)	AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
	AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
	AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127,128 & 131]	July 2011	01 July 2013	

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

SIGNIFICANT ACCOUNTING POLICIES

1. (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(viii)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
	[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]			

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(ix)	AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x)	AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

SHIRE OF WAGIN

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

SIGNIFICANT ACCOUNTING POLICIES

1. (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(xi)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

(*) 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 2012**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 124
AASB 1054
AASB 2009 - 12
AASB 2009 - 14
AASB 2010 - 4
AASB 2010 - 5
AASB 2010 - 6
AASB 2010 - 9
AASB 2011 - 1

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES	2012	2011
	\$	\$
(a) Result from Ordinary Activities		
The result from Ordinary Activities include		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	12,000	10,562
Depreciation		
Buildings	110,702	96,166
Furniture and Equipment	74,015	78,596
Plant and Equipment	283,669	293,654
Infrastructure	561,167	543,560
Tools	352	352
	<u>1,029,905</u>	<u>1,012,328</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	41,856	35,630
	<u>41,856</u>	<u>35,630</u>
Rental Charges		
- Operating Leases	41,856	41,303
	<u>41,856</u>	<u>41,303</u>
(ii) Crediting as Revenue:		
	2012	2012
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	59,894	57,090
- Other Funds	62,362	43,664
Other Interest Revenue (<i>refer note 26</i>)	15,099	14,885
	<u>137,355</u>	<u>116,090</u>
	<u>137,355</u>	<u>121,609</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

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

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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Adjustment \$	Closing Balance (*) 30-Jun-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance 30-Jun-12 \$
Community Aged Care Packages	Education & Welfare	41,572	0	(1,431)	(314)	39,827		0	39,827
Roads to recovery	Transport	0	242,563	(242,563)	0	0	242,563	(242,563)	0
Beaufort Rd Bridge Grant	Transport	62,792	0	(21,712)	0	41,080	0	(38,059)	3,021
Piesseville Tarwonga Bridge	Transport	184,000	0	(184,000)	0	0	0	0	0
Regional Refuse Group	Community Amenities	104,349	0	(42,874)	0	61,475	55,000	(51,550)	64,925
Crime Prevention Grant & Youth Action Group	Law, Order & Public Safety	14,000	0	(2,000)	0	12,000	0	0	12,000
Community Safety Fund - CCTV	Law, Order & Public Safety	25,000	0	(10,375)	0	14,625	0	(14,625)	0
Community Safety Fund - CCTV Stage 2	Law, Order & Public Safety	0	25,000	0	0	25,000	0	(25,000)	0
Community Partnership - Go Karts	Law, Order & Public Safety	500	0	(500)	0	0	0	0	0
Designing Safer Communities - Safety House	Law, Order & Public Safety	5,762	0	(5,762)	0	0	0	0	0
Speed Alert Monitor Trailer	Law, Order & Public Safety	2,258	0	(2,258)	0	0	0	0	0
Royalties for Regions 2009 / 2010	General Purpose Funding	33,270	0	(33,270)	0	0	0	0	0
Royalties for Regions 2010 / 2011	General Purpose Funding	0	394,637	(115,900)	0	278,737	0	(278,737)	0
RLCIP 10/11	General Purpose Funding	0	30,000	0	0	30,000	0	(30,000)	0

Shire of Wagin
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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening	Received	Expended	Adjustment	Closing	Received	Expended	Closing
		Balance	(+)	(#)		Balance	(+)	(#)	Balance
Grant/Contribution	Function/ Activity	(*)	(+)	(#)		(*)	(+)	(#)	(*)
		1-Jul-10	2010/11	2010/11		30-Jun-11	2011/12	2011/12	30-Jun-12
		\$	\$	\$	\$	\$	\$	\$	\$
Club Development Officer 2010/2011	Recreation & Culture	0	10,000	(6,670)	0	3,330	10,000	(8,502)	4,828
2010/2011 Dry Season Assistance	Education & Welfare	0	20,000	(6,725)	0	13,275	0	(13,275)	0
OCP Keep it Safe Initiative	Law, Order & Public Safety	0	2,900	0	0	2,900	0	(2,900)	0
LTFP / Asset Mgmt Grant	General Purpose Funding	0	25,000	0	0	25,000	0	0	25,000
Reconciliation Action Plan	Other Property & Services	0	3,000	(109)	0	2,891	0	(1,123)	1,768
Seniors Advocacy Grant	Education & Welfare	0	8,125	0	0	8,125	0	(4,096)	4,029
Royalties for Regions 2011 / 2012	General Purpose Funding	0	0	0	0	0	346,906	(313,906)	33,000
Reconciliation Grant 2011/2012	Other Property & Services	0	0	0	0	0	3,000	0	3,000
Integrated Planning - Asset Management	General Purpose Funding	0	0	0	0	0	70,000	(18,652)	51,348
Integrated Planning - Strat Community Plan	General Purpose Funding	0	0	0	0	0	45,000	(4,500)	40,500
Total		473,503	761,225	-676,149	-314	558,265	772,469	-1,047,488	283,246

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Municipal	1,097,440	753,258
Restricted	2,109,776	1,637,001
	3,207,216	2,390,259
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	62,198	72,986
Plant Reserve	217,883	187,088
Municipal Buildings Reserve	548,515	45,868
Recreation & Development Reserve	257,772	248,437
Administration Centre Furniture & Equipment Reserve	2,200	2,080
Recreation Centre Equipment Reserve	8,250	6,098
Aerodrome Maintenance & Development Reserve	1,853	1,752
Land Development Reserve	142,918	131,720
Community Bus Reserve	53,561	46,875
HACC Plant & Leave Reserve	128,166	121,174
Refuse Waste Management Reserve	76,692	60,690
5 Arnott Street Maint Reserve	0	5,914
Wagin Water Management Plan Reserve	113,523	107,330
Unexpended Grants	283,246	598,989
Unspent Loans	212,999	0
	2,109,776	1,637,001
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	129,388	139,510
Provision for Doubtful Debts - Rates	(67,388)	(58,789)
Sundry Debtors	113,444	231,035
Provision for Doubtful Debts - Sundry Debtors	(571)	(1,643)
GST Receivable	0	0
Loans - Clubs/Institutions	8,649	8,074
	183,522	318,187
Non-Current		
Rates Outstanding - Pensioners	60,094	52,715
Loans - Clubs/Institutions	118,500	127,149
	178,594	179,864
5. INVENTORIES		
Current		
Fuel and Materials	42,836	43,861
	42,836	43,861

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	7,221,265	6,474,429
Less Accumulated Depreciation	<u>(1,618,763)</u>	<u>(1,585,478)</u>
	5,602,502	4,888,951
Furniture and Equipment - Cost	1,091,872	1,059,185
Less Accumulated Depreciation	<u>(669,699)</u>	<u>(624,300)</u>
	422,173	434,885
Plant and Equipment - Cost	2,948,066	2,847,602
Less Accumulated Depreciation	<u>(1,513,271)</u>	<u>(1,421,483)</u>
	1,434,795	1,426,119
Tools - Cost	11,355	11,355
Less Accumulated Amortisation	<u>(9,243)</u>	<u>(8,891)</u>
	2,112	2,464
	<u>7,461,582</u>	<u>6,752,419</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Tools \$	Total \$
Balance as at the beginning of the year	4,888,951	434,885	1,426,119	2,464	6,752,419
Additions	939,409	68,673	420,140	0	1,428,222
(Disposals)	(115,156)	(7,370)	(127,795)	0	(250,321)
Depreciation (Expense)	(110,702)	(74,015)	(283,669)	(352)	(468,738)
Other Movements					0
Carrying amount at the end of year	<u>5,602,502</u>	<u>422,173</u>	<u>1,434,795</u>	<u>2,112</u>	<u>7,461,582</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation 2012	28,158,793	27,392,465
Roads - Cost	0	0
Less Accumulated Depreciation	<u>(8,385,485)</u>	<u>(7,837,594)</u>
	19,773,308	19,554,871
Infrastructure Other - Cost	1,171,571	550,113
Less Accumulated Depreciation	<u>(143,746)</u>	<u>(130,470)</u>
	1,027,825	419,643
	<u>20,801,133</u>	<u>19,974,514</u>

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

This policy also accords with AASB 116.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Other \$	Total \$
Balance at the beginning of the year	19,554,871	419,643	19,974,514
Additions	766,328	621,458	1,387,786
(Disposals)	0	0	0
Revaluation - Increments	0	0	0
- (Decrements)	0	0	0
Depreciation (Expense)	(547,891)	(13,276)	(561,167)
			0
Carrying amount at the end of year	19,773,308	1,027,825	20,801,133

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	323,107	457,511
GST Payable	15,467	18,052
Accrued Interest on Debentures	4,654	2,644
Accrued Salaries and Wages	37,893	31,988
	<u>381,121</u>	<u>510,195</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>57,118</u>	<u>53,874</u>
	<u>57,118</u>	<u>53,874</u>
Non-Current		
Secured by Floating Charge Debentures	<u>965,271</u>	<u>622,389</u>
	<u>965,271</u>	<u>622,389</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	196,357	176,372
Provision for Long Service Leave	174,850	175,999
	<u>371,207</u>	<u>352,371</u>
Non-Current		
Provision for Long Service Leave	<u>25,480</u>	<u>22,108</u>
	<u>25,480</u>	<u>22,108</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	72,986	72,986	69,012
Amount Set Aside / Transfer to Reserve	4,212	4,015	3,974
Amount Used / Transfer from Reserve	(15,000)	(45,000)	0
	<u>62,198</u>	<u>32,001</u>	<u>72,986</u>
(b) Plant Reserve			
Opening Balance	187,088	187,088	148,534
Amount Set Aside / Transfer to Reserve	30,795	10,290	38,554
Amount Used / Transfer from Reserve	0	0	0
	<u>217,883</u>	<u>197,378</u>	<u>187,088</u>
(c) Municipal Building Reserve			
Opening Balance	45,868	45,868	255,172
Amount Set Aside / Transfer to Reserve	502,647	502,523	30,696
Amount Used / Transfer from Reserve	0	(420,000)	(240,000)
	<u>548,515</u>	<u>128,391</u>	<u>45,868</u>
(d) Recreation and Development Reserve			
Opening Balance	248,437	248,437	230,181
Amount Set Aside / Transfer to Reserve	19,335	18,664	18,256
Amount Used / Transfer from Reserve	(10,000)	(129,849)	0
	<u>257,772</u>	<u>137,252</u>	<u>248,437</u>
(e) Administration Centre Furniture & Equipment Reserve			
Opening Balance	2,080	2,080	1,967
Amount Set Aside / Transfer to Reserve	120	115	113
Amount Used / Transfer from Reserve	0	0	0
	<u>2,200</u>	<u>2,195</u>	<u>2,080</u>
(f) Recreation Centre Equipment Reserve			
Opening Balance	6,098	6,098	4,064
Amount Set Aside / Transfer to Reserve	2,152	2,135	2,034
Amount Used / Transfer from Reserve	0	(2,500)	0
	<u>8,250</u>	<u>5,733</u>	<u>6,098</u>
(g) Aerodrome Maintenance & Development Reserve			
Opening Balance	1,752	1,752	1,656
Amount Set Aside / Transfer to Reserve	101	96	96
Amount Used / Transfer from Reserve	0	0	0
	<u>1,853</u>	<u>1,848</u>	<u>1,752</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Land Development Reserve			
Opening Balance	131,720	131,720	73,488
Amount Set Aside / Transfer to Reserve	30,601	167,245	58,232
Amount Used / Transfer from Reserve	(19,403)	(115,000)	0
	<u>142,918</u>	<u>183,965</u>	<u>131,720</u>
(i) Community Bus Reserve			
Opening Balance	46,875	46,875	41,681
Amount Set Aside / Transfer to Reserve	6,686	5,578	5,194
Amount Used / Transfer from Reserve	0	0	0
	<u>53,561</u>	<u>52,453</u>	<u>46,875</u>
(j) HACC Plant & Leave Reserve			
Opening Balance	121,174	121,174	112,684
Amount Set Aside / Transfer to Reserve	6,992	6,664	8,490
Amount Used / Transfer from Reserve	0	0	0
	<u>128,166</u>	<u>127,838</u>	<u>121,174</u>
(k) Refuse Site/Waste Management Reserve			
Opening Balance	60,690	60,690	31,943
Amount Set Aside / Transfer to Reserve	16,002	15,778	28,747
Amount Used / Transfer from Reserve	0	(50,000)	0
	<u>76,692</u>	<u>26,468</u>	<u>60,690</u>
(l) 5 Arnott St Maintenance Reserve			
Opening Balance	5,914	5,914	5,592
Amount Set Aside / Transfer to Reserve	340	325	322
Amount Used / Transfer from Reserve	(6,254)	0	0
	<u>0</u>	<u>6,239</u>	<u>5,914</u>
(m) Wagin Water Management Plan Reserve			
Opening Balance	107,330	107,330	118,978
Amount Set Aside / Transfer to Reserve	6,193	5,903	6,852
Amount Used / Transfer from Reserve	0	(110,000)	(18,500)
	<u>113,523</u>	<u>3,233</u>	<u>107,330</u>
TOTAL CASH BACKED RESERVES	<u>1,613,531</u>	<u>904,994</u>	<u>1,038,012</u>

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

11. RESERVES - CASH BACKED (Continued)

Leave Reserve

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

Plant Reserve

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

Municipal Buildings Reserve

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

Recreation & Development Reserve

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

Administration Centre Furniture & Equipment Reserve

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

Recreation Centre Equipment Reserve

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

Aerodrome Maintenance & Development Reserve

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

Land Development Reserve

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

Community Bus Reserve

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

HACC Plant & Leave Reserve

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

11. RESERVES - CASH BACKED (Continued)

Refuse Site / Waste Management

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

5 Arnott Street Maintenance

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

Wagin Water Management Plan Reserve

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

No Council Reserves will be fully utilised in the 2012/2013 financial year.

12. RESERVES - ASSET REVALUATION

2012
\$

2011
\$

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

(a) **Roads**

Balance as at 1 July 2011	3,893,170	3,893,170
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2012	<u>3,893,170</u>	<u>3,893,170</u>
 TOTAL ASSET REVALUATION RESERVES	 <u>3,893,170</u>	 <u>3,893,170</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>3,207,216</u>	<u>954,994</u>	<u>2,390,259</u>

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

Net Result	1,976,519	1,974,758	678,012
Depreciation	1,029,905	1,038,160	1,012,328
(Profit)/Loss on Sale of Asset	(454,861)	(476,904)	(14,749)
(Increase)/Decrease in Receivables	127,860	73,750	(108,183)
(Increase)/Decrease in Inventories	1,025	(1,139)	173,813
Increase/(Decrease) in Payables	(129,074)	(129,912)	103,131
Increase/(Decrease) in Employee Provisions	22,208	0	38,034
Grants/Contributions for the Development of Assets	<u>(1,354,935)</u>	<u>(2,324,472)</u>	<u>(1,021,327)</u>
Net Cash from Operating Activities	<u>1,218,647</u>	<u>154,241</u>	<u>861,059</u>

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

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	14,000	14,000
Credit Card Balance at Balance Date	<u>(2,453)</u>	<u>(931)</u>
Total Amount of Credit Unused	<u>11,547</u>	<u>13,069</u>

Loan Facilities

Loan Facilities - Current	57,118	53,874
Loan Facilities - Non-Current	<u>965,271</u>	<u>622,389</u>
Total Facilities in Use at Balance Date	<u>1,022,389</u>	<u>676,263</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

14. CONTINGENT LIABILITIES

Council has no Contingent Liabilities as at 30th June 2012

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

Council has no Finance Leases or Hire Purchase as at 30th June 2012

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

	2012	2011
	\$	\$
Payable:		
- not later than one year	40,758	41,307
- later than one year but not later than five years	24,968	66,824
- later than five years	0	0
	65,726	108,131

(c) Capital Expenditure Commitments

Council has no Capital Expenditure Commitments as at 30th June 2012

16. JOINT VENTURE

The Shire together with the Shires of West Arthur and Williams have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The cost of the arrangement is calculated on a percentage basis being Wagin 43%, William 43 % and West Arthur 14%

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2012	2011
	\$	\$
Governance	692,743	716,318
General Purpose Funding	265,982	327,448
Law, Order, Public Safety	244,079	185,445
Health	283,272	300,858
Education and Welfare	417,273	345,682
Community Amenities	335,981	17,941
Recreation and Culture	4,118,898	3,106,625
Transport	22,169,397	21,250,186
Economic Services	290,324	314,564
Other Property and Services	1,686,090	1,242,333
Unallocated	1,370,844	1,651,704
	31,874,883	29,459,104

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

18. FINANCIAL RATIOS	2012	2011	2010
Current Ratio	1.77	1.37	1.60
Untied Cash to Unpaid Trade Creditors Ratio	2.40	1.74	1.68
Debt Ratio	0.06	0.05	0.05
Debt Service Ratio	0.02	0.02	0.02
Gross Debt to Revenue Ratio	0.19	0.16	0.12
Gross Debt to Economically Realisable Assets Ratio	0.10	0.07	0.06
Rate Coverage Ratio	0.26	0.31	0.29
Outstanding Rates Ratio	0.07	0.08	0.06

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

19. TRUST FUNDS

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

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Deposits - Town Hall	850	3,000	(2,800)	1,050
Deposits - Community Bus	150	1,650	(1,650)	150
Deposits - Rec Centre	1,400	5,550	(6,038)	912
Deposits - Animal Trap	50	425	(425)	50
BCITF	0	2,071	(2,071)	0
BRB	0	958	(958)	0
Nomination Deposits	0	720	(720)	0
Other Deposits	999	580	0	1,579
Unclaimed Money	1,733	0	0	1,733
In Lieu of Public Open Space	8,200	0	0	8,200
Refuse Site Keys	20	0	0	20
Licensing Takings	6,714	9,271	(6,714)	9,271
	20,116	24,225	(21,376)	22,965

DISPOSALS OF ASSETS - 2011/12 FINANCIAL

20. YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Toyota Kluger - W1	26,539	2,950	28,182	29,000	1,643	(500)
Recreation and Culture						
Mobile Skate Park	7,370	0	10,000	0	2,630	0
Transport						
2004 Cat 12H Grader	101,256	107,000	136,000	135,000	34,744	28,000
Other Property & Services						
5 Warwick Street	22,012	22,000	210,000	210,000	187,988	188,000
Lot 502 Vale Street	0	0	16,364	0	16,364	0
Lot 197 (11) Vale Street	2,500	0	13,636	0	11,136	0
1 Nenke Street	90,644	92,000	291,000	310,000	200,356	218,000
	250,321	223,950	705,182	684,000	454,861	433,500

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
124 Medical Centre	25,802	0	25,802	25,802	0	0	1,376	1,376
Recreation and Culture								
131 Recreation Centre	115,919	0	5,626	5,626	110,293	110,293	7,319	7,319
133 Wagin Bowling Club**	135,224		8,075	8,075	127,149	127,149	9,065	9,065
139 Swimming Pool Redevelopment		300,000	0	0	300,000	250,000	0	0
Education & Welfare								
137 5 Arnott Street	249,318	0	8,105	8,105	241,213	241,213	14,788	14,788
Economic Services								
Puntaping Dam Pipe Line	0	100,000	0	0	100,000	0	0	0
Other Property & Services								
138 Council Residence	150,000		6,266	6,266	143,734	143,734	9,308	9,308
	676,263	400,000	53,874	53,874	1,022,389	872,389	41,856	41,856

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2011/2012

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
139 Wagin Swimming Pool Redevelopment	300,000	250,000	WATC	Debenture	20	184,260	5.11%	112,322	250,000	187,678
140 Puntaping Dam Pipe Line	100,000	0	WATC	Debenture	5	11,913	4.29%	74,679	0	25,321

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

	Date Borrowed	Balance 1-Jul 2012 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun 2012 \$
139 Wagin Swimming Pool Redevelopment	May-12	0	300,000	112,322	187,678
140 Puntaping Dam Pipe Line	May-12	0	100,000	74,679	25,321

(d) Overdraft

Council did not use an overdraft facility during 2011/2012 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 2012

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

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											
Gross Rental Value	0.101337	726	5,978,181	605,811	6,718	0	612,529	605,811	3,000	500	609,311
Unimproved Value	0.006265	349	165,977,500	1,039,920	3,156	0	1,043,076	1,039,920	2,000	0	1,041,920
Sub-Totals		1,075	171,955,681	1,645,731	9,874	0	1,655,605	1,645,731	5,000	500	1,651,231
Minimum Rates	Minimum \$										
Gross Rental Value	440	172	269,889	75,680	0	0	75,680	75,680	0	0	75,680
Unimproved Value	440	46	1,810,162	20,240	0	0	20,240	20,240	0	0	20,240
Sub-Totals		218	2,080,051	95,920	0	0	95,920	95,920	0	0	95,920
Ex-Gratia Rates (CBH)							1,751,525				1,747,151
Specified Area Rate <i>(refer note 23)</i>							7,274				0
							0				0
Discounts <i>(refer note 25)</i>							1,758,799				1,747,151
Totals							(61,595)				(64,000)
							1,697,204				1,683,151

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR	2012 (1 July 2011)	2011 (30 June 2011)
(b) Information on Surplus/(Deficit) Brought Forward	Brought Forward)	Carried Forward)
	\$	\$
Surplus/(Deficit) 1 July 2011 Brought Forward	1,230,658	1,230,658
<u>Comprises:</u>		
Cash - Unrestricted	753,258	753,258
Cash - Restricted	1,637,001	1,637,001
Rates - Current	80,721	80,721
Sundry Debtors	229,392	229,392
GST Receivable	0	0
Inventories	43,861	43,861
Less:		
Reserves - Restricted Cash		
Leave Reserve	(72,986)	(72,986)
Plant Reserve	(187,088)	(187,088)
Recreation Centre Equipment Reserve	(6,098)	(6,098)
Aerodrome Maintenance & Development Res	(1,752)	(1,752)
Municipal Buildings Reserve	(45,868)	(45,868)
Recreation & Development Reserve	(248,437)	(248,437)
Admin Centre Furniture & Equip Res	(2,080)	(2,080)
Land Development Reserve	(131,720)	(131,720)
Community Bus Reserve	(46,875)	(46,875)
HACC Plant & Leave Reserve	(121,174)	(121,174)
Refuse Site / Waste Management	(60,690)	(60,690)
5 Arnott St Maintenance Reserve	(5,914)	(5,914)
Wagin Water Management Plan	(107,330)	(107,330)
Sundry Creditors	(457,511)	(457,511)
GST Payable	(18,052)	(18,052)
Surplus/(Deficit)	1,230,658	1,230,658

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

The Shire of Wagin did not levy Specified Area Rates for the 2011/2012 Financial Year.

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

The Shire of Wagin did not levy any Service Charges for the 2011/2012 financial Year

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5	61,595	64,000
Rate Assessment	Write-Off		9,129	12,000

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 - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11		15,099	14,000
Charges on Instalment Plan		5	4,918	5,000
			20,017	19,000

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

27. FEES & CHARGES	2012 \$	2011 \$
General Purpose Funding	36,155	40,814
Law, Order, Public Safety	7,560	8,320
Health	5,484	5,247
Education and Welfare	46,644	40,215
Community Amenities	243,625	249,063
Recreation and Culture	24,413	38,192
Economic Services	45,496	55,697
Other Property and Services	155,451	44,670
	<u>564,828</u>	<u>482,218</u>

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

28. GRANT REVENUE

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

	2012	2011
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,985,054	1,578,501
Non-Operating Grants, Subsidies and Contributions	1,354,935	1,021,327
	3,339,989	2,599,828
By Program:		
General Purpose Funding	1,933,439	1,565,374
Law, Order, Public Safety	40,600	71,632
Education and Welfare	277,309	295,503
Community Amenities	0	0
Recreation and Culture	76,277	14,500
Transport	1,009,364	649,820
Economic Services	0	0
Other Property and Services	3,000	3,000
	3,339,989	2,599,829

29. ELECTED MEMBERS REMUNERATION

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Meeting Fees	6,630	6,000	4,725
President's Allowance	6,000	6,000	6,000
Deputy President's Allowance	1,550	1,550	1,550
Travelling Expenses	2,893	3,000	2,652
	17,073	16,550	14,927

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2012	2011
	27	25

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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. 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	2012 \$	2012 Budget \$	2011 \$
Operating Revenue			
- Profit on sale	0	45,904	12,385
Capital Revenue			
- Sale Proceeds	0	160,000	40,909
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	0	0	0
	0	0	0

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

There are no liabilities in relation to this land transaction as at 30 June 2012.

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	0	0	0	0	0	0
Cash Inflows						
- Loan Proceeds						0
- Sale Proceeds	120,000					120,000
	120,000	0	0	0	0	120,000
Net Cash Flows	120,000	0	0	0	0	120,000

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

FINANCIAL RISK
33. 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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,207,216	2,390,259	3,207,216	2,390,259
Receivables	<u>362,116</u>	<u>498,051</u>	<u>362,116</u>	<u>498,051</u>
	<u><u>3,569,332</u></u>	<u><u>2,888,310</u></u>	<u><u>3,569,332</u></u>	<u><u>2,888,310</u></u>
Financial Liabilities				
Payables	381,121	510,195	381,121	510,195
Borrowings	<u>1,022,389</u>	<u>676,263</u>	<u>944,152</u>	<u>543,891</u>
	<u><u>1,403,510</u></u>	<u><u>1,186,458</u></u>	<u><u>1,325,273</u></u>	<u><u>1,054,086</u></u>

Fair value is determined as follows:

- **Cash and Cash Equivalents, Receivables, Payables** – estimated to the carrying value which approximates net market value.
- **Borrowings** – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

33. FINANCIAL RISK MANAGEMENT (Continued)

Cash and Cash

(a)

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

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

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

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

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

	2012	2011
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	32,072	23,903
- Statement of Comprehensive Income	32,072	23,903

Notes:

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

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

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	69.77%	89.66%
- Overdue	30.23%	10.34%

**SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2012</u>					
Payables	381,121	0	0	381,121	381,121
Borrowings	114,917	459,668	942,879	1,517,464	1,022,389
	<u>496,038</u>	<u>459,668</u>	<u>942,879</u>	<u>1,898,585</u>	<u>1,403,510</u>
<u>2011</u>					
Payables	510,195	0	0	510,195	510,195
Borrowings	95,730	274,210	650,889	1,020,829	676,263
	<u>605,925</u>	<u>274,210</u>	<u>650,889</u>	<u>1,531,024</u>	<u>1,186,458</u>

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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 2012								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	100,000	922,389	1,022,389	5.65%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	4.29%	5.80%		
Year Ended 30 June 2011								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	25,801	0	0	0	650,462	676,263	6.35%
Weighted Average Effective Interest Rate	0.00%	7.07%	0.00%	0.00%	0.00%	6.32%		

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 2012 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Statutory Compliance

During the course of our audit we did not become aware of any instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

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 2012 and of their performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).



BYFIELDS
NARROGIN WA

Date: 23RD November 2012



D J WOODRUFF CPA
Director