



2013/2014
Annual Report



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Shire at a Glance



Shire of Wongan-Ballidu Administration Centre
 Cnr Quinlan St & Elphin Crescent (PO Box 84)
 WONGAN HILLS WA 6603
 Tel: (08) 9671 1011 Fax: (08) 9671 1230
 Email: shire@wongan.wa.gov.au
 Website: www.wongan.wa.gov.au
 Office Hours: 8.30am – 4.30pm Mon, Tues, Thurs & Fri
 Wednesday 9.00am – 4.30pm

Councillors

President: Peter Macnamara

Deputy President: Brad West

Michael Godfrey, David Armstrong, Alfreda Lyon
 Tracey deGrussa, Sandra Hartley, Richard Morgan, Hugh Barrett-Leonard

Senior Staff

Chief Executive Officer	Stuart Taylor	Deputy Chief Executive Officer	David Taylor
Manager Building Services	Len deGrussa	Works Manager	Karl Mickle
Manager Community Services	Tanya Greenwood		

Shire Statistics

Distance from Perth (km)	184
Area (sq km)	3,368
Length of Sealed Roads (km)	342.8
Length of Unsealed Roads (km)	980.6
Population	1,440
Number of Electors	1010
Number of Dwellings	874
Total Rates Levied	2,391,106
Total Revenue	8,413,766
Number of Employees	37

Shire Attractions

Christmas Rock Bushwalk; Pioneer Museum; Wildflower & Heritage Trails; Lake Ninan; Dingo Rock; Gathercole Reserve; Mt O'Brien Scenic Lookout; Picnic Areas; Mt Matilda Walk Trail; Reynoldson Flora Reserve; Rare Flora Garden; Mallee Walk Trail; Historic Rail Precinct; Water Tower & Murals; Wongan Hills & Ballidu Caravan Parks; Excellent Sport & Recreation Facilities/Activities; Cinema (monthly).

Local Industries

Mixed Farming; Sheet Metal Works; Stock Feed Mill; Manufacturing – Agricultural Machinery; Heavy Transport; Co-operative Bulk Handling; Agricultural Research Station.

Significant Annual Events

Biennial Art Exhibition- Wongan Hills, Art Exhibitions – Ballidu; Bike it to Ballidu; Wongan; Town Party; Australia Day Ceremonies – Wongan Hills & Ballidu, Reynoldson Reserve Festival

Suburbs & Localities

Wongan Hills, Mocardy, Ballidu, West Ballidu, East Ballidu, Lake Hinds, Lake Ninan, Cadoux, Burakin & Kondut.

Full Council Meeting

Full Council meets on the fourth Wednesday of each month at 3.00pm except January and December.

President's Report



PRESIDENT'S REPORT 2013/2014

Cr Peter Macnamara
Shire President

Council elections were held in October with two councillors retiring. We thank Michael Brennan for his 10 years on council and especially the last 2 as President. Michael's enthusiasm and knowledge were his greatest strength and we are very thankful that he stepped into the top chair at a very difficult time and with little notice. A great job Michael! We also thank David Brown for his contribution during the 2 years he was on council.

Alfreda Lyon, David Armstrong and Peter Macnamara were re-elected along with new members Sandra Hartley and David Morgan. Brad West has taken on the position of Deputy President and myself as President. We all look forward to doing our best as we go forward.

Community Resource Centre

Certainly the hottest topic this year is the new Station building. We were relieved and thankful that we received another \$400,000 from Royalties for Regions, and with council staff doing ground works we look forward to the opening. Council is very fortunate that the Development Group took over finishing this project which we appreciate greatly.

Citizen of the Year

Our Citizen of the Year this year is a very popular, Joan Donnellan. Over the years Joan has been involved in a huge amount of charity work and different organisations leaving the rest of us in total awe. Congratulations to all the other award winners, it shows that community spirit is alive and well in our shire.

Thank You

To all our Staff a big thank you for your contribution to our shire, you are certainly the front line of attention and one the public admire most when a job is done well.

Council's finances are tracking well with modest rate rises. Councillors are well aware of the financial pressures on people and take this into account when assessing future projects.

A handwritten signature in black ink that reads "Cr Peter Macnamara". The signature is stylized and cursive.

Cr Peter Macnamara
President

Councillors of the Shire

Your Council

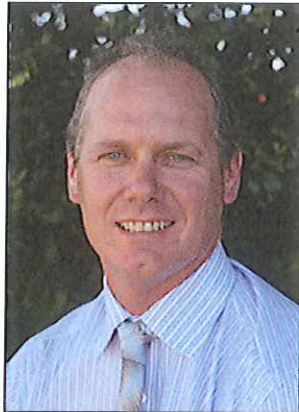
Residents can contact Members with issues that they wish to be addressed and brought to the attention of Council.

Council meets on the fourth Wednesday of each month except for the month of January and December



Cr Peter Macnamara
Cadoux South Road
PO Box 15
Cadoux wa 6466

Tel: (08)9632 2018
Retiring: October 2015
Occupation: Farmer



Cr Brad West
Loc 26590 Sewell Road
PO Box 233
Wongan Hills WA 6603

Tel: (08) 9672 1041
Fax: (08) 9672 1035
Retiring: October 2015
Occupation: Farmer
Email: bradwest10@bigpond.com.au



Cr Michael Godfrey
20 Wilson Street
Wongan Hills WA 6603

Tel: 9671 1612
Retiring: October 2015
Occupation: Parts Interpreter
Email: drmdjs@westnet.com.au



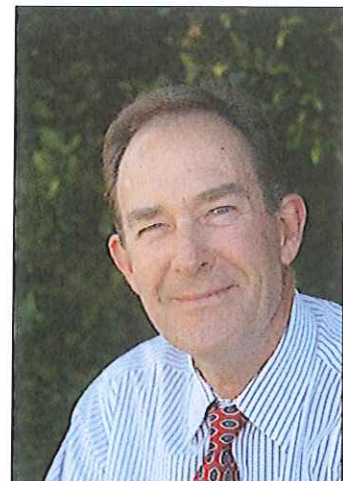
Cr David Armstrong
560 Ballidu Bindi-Bindi Road
PO Box 30
Ballidu 6606

Tel: (08) 9674 1036
Fax: (08) 9674 1217
Retiring: October 2015
Occupation: Sales Manager
Email: darmy@westnet.com.au



Cr Alfreda Lyon
4 Wilson Street
Wongan Hills WA 6603

Tel: (08) 9671 1900
Retiring: October 2015
Occupation: Office Manager
Email: alfredalyon@bigpond.com



Cr Hugh Barrett-Lennard
1792 Kondut West Road
PO Box 189
Lake Hinds WA 6603

Tel: (08) 9654 2045
Fax: (08) 9654 2050
Retiring: October 2015
Occupation: Farmer
Email: hughbl@bordnet.com.au

Councillors of the Shire



Cr Tracey deGrussa
30 Wallis Street
PO Box 75
Ballidu 6606

Tel: (08) 9674 1320
Retiring: October 2015
Occupation: Home Engineer
Email: bluebird13@westnet.com.au



Cr Sandra Hartley
Stickland Street
Wongan Hills 6603

Tel: (08)96711148
Retiring: October 2015
Occupation: Home Engineer
Email: butons82@bigpons.com



Cr Richard Morgan
1 Ackland Street
Wongan Hills 6603

Tel: 9671 1822
Retiring: October 2015
Occupation: Retired Dentist
Email: richardmorganaustralia@hotmail.com

Councillors of the Shire

COUNCILLORS MEETING ATTENDANCE 2013/2014

Council	Special			Finance		
	Eligible	Attended	%	Eligible	Attended	%
Cr P Macnamara	11	11	100	1	1	100
Cr B West	11	11	100	1	1	100
Cr T deGrussa	11	9	81	1	-	-
Cr A Lyon	11	11	100	1	1	100
Cr M Godfrey	11	9	81	1	-	-
Cr D Armstrong	11	11	100	1	1	100
Cr Barrett-Lennard	11	11	100	1	1	100
Cr R Morgan	8	5	62	1	1	100
Cr Sandra Hartley	8	6	75	1	1	100
Cr David Brown	3	3	100			
Cr Michael Brennan	3	3	100			

COUNCILLOR TRAINING UNDERTAKEN DURING 2013/2014

Name of Councillor Training Course	Councillor(s) Attending

Chief Executive Officer's Report



Mr Stuart Taylor
Chief Executive Officer

2013/2014 year was focused on completing the new CRC building, and restructuring the Shire's position to accommodate changes in funding from the Commonwealth and State Governments and the local government reform process.

COMMUNITY RESOURCE CENTRE

Considerable work went into securing additional funding to complete the Community Resource Centre. Council agreed in the middle of the year to borrow funds to ensure the building was completed. However, due to the lobbying efforts of Wheatbelt local governments (including the Shire of Wongan-Ballidu) impacted by the loss of Royalties for Regions Local Government, we were able to secure an additional \$393,000 to complete the building without the need to borrow funds.

The building will be completed in the 2014/2015 financial year.

LOCAL GOVERNMENT FUNDING

It is always difficult to manage the delivery of services to the community when we must rely on rates, especially when the costs of operations, such as fuel, and utilities, continue to increase above the CPI rate.

The Commonwealth has advised that Financial Assistance and Road Grants will not increase for the next three years. This, together with the State reducing road funding to local governments by \$70 million, and the removal of the local component of the Royalties for Regions Local Government Fund, will see further pressure on the delivery of services to our community as we try to minimize the impact of these policy decisions.

This financial year we have explored undertaking outside works as a means of offsetting the loss of this funding from government, and where these opportunities do not impact on our core function we will take these opportunities to ensure our financial sustainability and to ensure we can continue to provide services and projects to our community.

LOCAL GOVERNMENT REFORM

Over the last three years there have been a number of legislative changes that have seen the redirection of state resources and funds to meet there new planning and reporting requirements.

The first stage was outlined in previous annual reports, incorporates the integrated planning framework with various aspects reviewed annually or biannually to meet legislative requirements, encompassing Asset Management Plans, Strategic Planning, Corporate Plan, Long Term Financial Plan and Workforce Plan.

Chief Executive Officer's Report

The second stage saw the introduction of a 3 year rotating Fair Value Asset Valuation system, whereby every 3 years, fair value valuations must be reviewed to reflect the true fair value of the Shire's assets. We have just completed the 2nd year of the first triennium of this process. We completed the plant, furniture and equipment valuation in the first year and land and building valuation in the second year with infrastructure to be completed next financial year. The third and possible final stage is the introduction of the Risk Management Governance Framework. This stage will be completed and presented to council in December 2014.

STAFF

The staff changes within the organisation have been kept to a minimum, and things seem to be settling down, in particular the outside work force. We thank the members of our community who continually write and phone in to thank our staff for the job that they are doing. We receive many praises for the outside crew, including parks and gardens, and while we do make mistakes and sometimes things can go wrong, it is pleasing that the community acknowledges and thanks our crew for the work and effort that they put in under sometimes very hard and difficult circumstances.

THANKYOU

I would like to take this opportunity to thank the Councilors who really do work hard to attain that balance of strong financial management, delivery of services and support of community initiatives. The support given to the staff to implement and fund programs and to explore new ideas and initiatives is greatly appreciated.

Thank you to all the staff for your contribution throughout the year, we have delivered what we have been asked to do and along the way we have been able to help and facilitate other programmes and initiatives of our own and that of the community. You are to be congratulated on your achievements and professionalism.



Stuart A Taylor
CHIEF EXECUTIVE OFFICER

Deputy Chief Executive Officer's Report

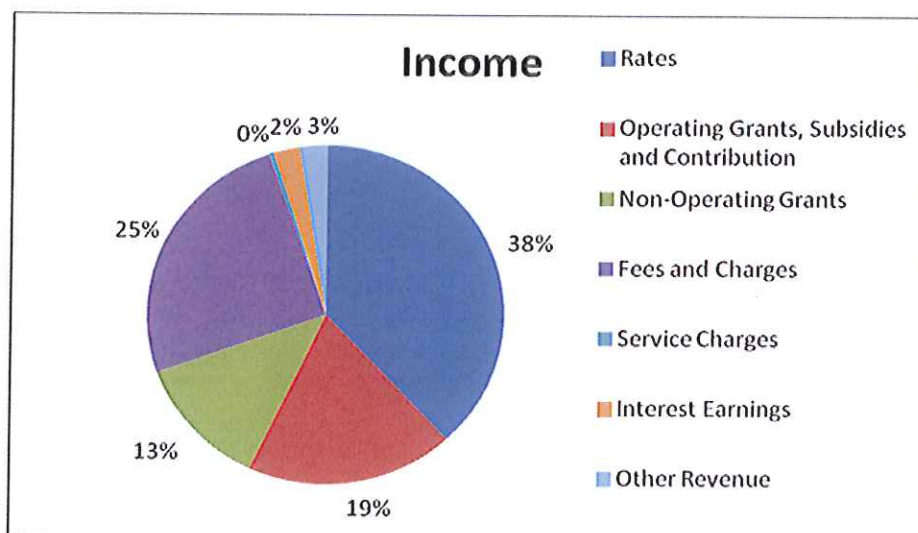
Shire of Wongan-Ballidu Financial Report 2013/14



Mr David Taylor
Deputy Chief Executive Officer

The 2013-14 audited accounts are shown attached and this page highlights pertinent information.

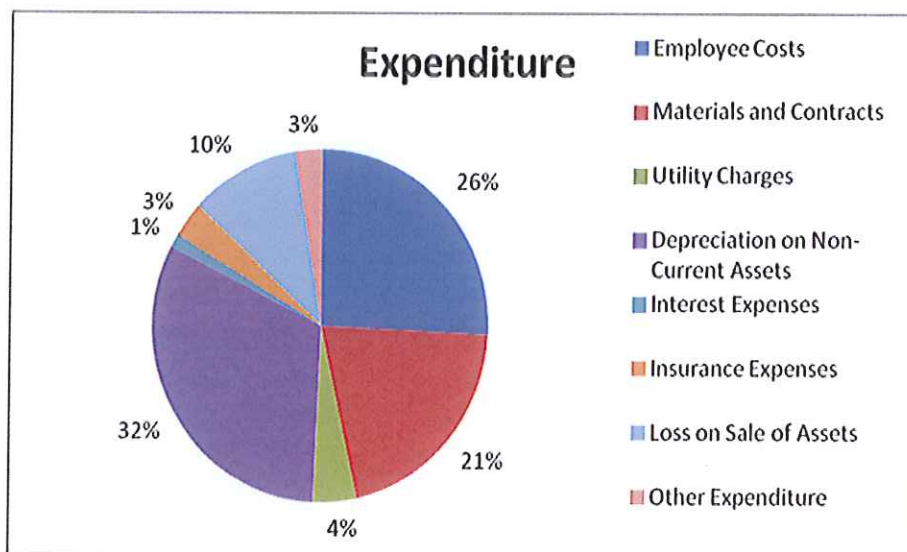
The **Statement of Comprehensive Income** shows the Shire of Wongan-Ballidu total revenue for this financial year was \$6.538m and expenses were \$6.583m, there was an additional \$0.776m in loss on sale of assets and \$3.485m gained through the revaluation of non-current asset classes of land and buildings. This resulted in a total comprehensive income of \$2.664m. The composition of these revenues and expenses are illustrated in the charts below.



The above shows that the three main components of revenue were as follows; rates of \$2.482m (38%), operating and non-operating grants of \$2.057m (32%) and fees and charges \$1.649m (25%). The remaining \$0.345m (5%) has come from other sources of revenue such as service charges, interest earnings and other revenue.

Deputy Chief Executive Officer's Report

Shire of Wongan-Ballidu Financial Report 2013/14



The above chart shows the three main components of expenditure expenditure was made up of \$1.896m (26%) in employee costs, \$1.521m (21%) in materials and contracts, \$2.332m (32%) in depreciation with the remaining \$1.607m (21%) being made up of utility charges, interest, insurance, loss on sale of assets and other expenditure.

The **Statement of Financial Position** shows that our net assets has increased by \$2.664m. This is a result of an increase of \$3.120m in assets and an increase of \$0.455m in liabilities. The increase in assets is a result of a net increase of \$0.080m in cash and other receivables, decrease of \$0.26m in inventories and an increase of \$3.066m in non-current assets. The increase in non-current assets is the net result of a number of additions and disposals and the \$3.485m change in valuation of land and buildings (refer to note 6a and note 7a). The increase in liabilities is a result of an increase of \$0.508m in trade and other payables, a net decrease of \$0.087 in loan liabilities and an increase of \$0.034 in employee provisions.

The **Statement of Cashflow** combines details from the above statements to give an explanation on what changed the cash position from \$2.576m to \$1.640m, a movement of \$0.936m. Operating activities decreased by \$588,457 when compared to the previous year. Fees and charges increased by \$946,497 and operating grants decreased by \$1.907m. This decrease in operating grants is a result of the Local Government Grants Commission changing the timing of when they process their operating grant payments to local governments. Previously an payment in advance was made at the end of each year to the respective local governments. As of 2013/2014 this no longer occurs and grants will be received within the financial year they relate too. Expenses were \$501,050 lower than the previous year and \$758,630 less was spent on investment activities.

Fair Valuations

A major undertaking during the 2013-14 year was to perform fair value assessments of Council's non-current asset classes of land and buildings. As of 30th June 2013, all local governments are required to commence the process of recognising all of its assets as fair value in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996. The following table indicates the timeframe in which particular asset classes are required to undergo an assessment of fair value.

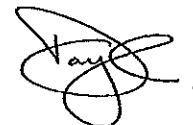
Deputy Chief Executive Officer's Report
Shire of Wongan-Ballidu Financial Report 2013/14

Classification	Initial Revaluation	Subsequent Revaluation
Plant & Equipment	30 June 2013	30 June 2016
Land and buildings	30 June 2014	30 June 2017
Infrastructure assets and all other classes of assets	30 June 2015	30 June 2018

The reason that local governments are required to undertake fair value assessments is to align them with the Australian Accounting Standards. Fair value is "the amount for which an asset could be exchanged (sold) or a liability settled in an ordinary transaction between market participants". Fair value is considered to be the best estimate of the price reasonable obtainable in the market at the date of the valuation. The use of fair value to be used in the local governments financial statements is essential to provide a more accurate measure of community assets and liabilities than at 'historical cost' (the cost in which was paid for that asset). Having assets recorded at fair value is also essential for good asset management practices and robust long term financial planning for a local government to report the value of asset and their associated maintenance, renewal or replacement costs at fair value so that the long term sustainability of that local government can be addressed.

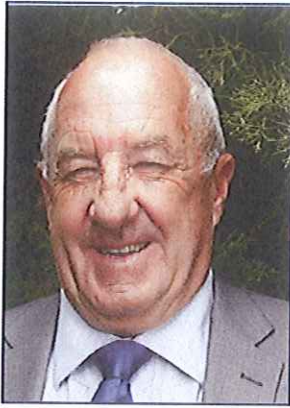
The second year of implementation for fair value remained a challenge and required a great deal of time and effort. Going forward into phase two the team will be performing valuations on all infrastructure items being roads, footpaths, drainage, parks and gardens and any other infrastructure assets.

It has been a pleasure to work with such a focused and dedicated team at the Shire of Wongan-Ballidu and I look forward to the year ahead.



David Taylor
Deputy Chief Executive Officer

Manager Building Services



Len deGrussa
Manager Building Services

Responsibilities:

Planning	Building Permits
Demolition Permits	Building Maintenance
Capital Projects	Cleaning
Environmental Health	Medical Centre
Drum Muster	Swimming Pool
Public Buildings	Play Grounds
Management Leases	Rental Properties
Waste Management	

Building Maintenance:

Ongoing maintenance and repairs are carried out on all Shire buildings and infrastructure to assist in keeping them in the best condition possible.

Capital Projects:

The following capital projects were undertaken during the year-

1. Cadoux Recreation Centre – Installation of 70,000 litre emergency water supply tank
2. Civic Centre – Upgrade to car park security lighting
3. Swimming Pool – Installation of new light pylons

Cleaning:

Shire cleaning is carried out by both staff and contractors, Please report any cleaning issues to the admin office.

Waste Management:

The Wongan Hills Waste Management Facility is controlled by contractors.

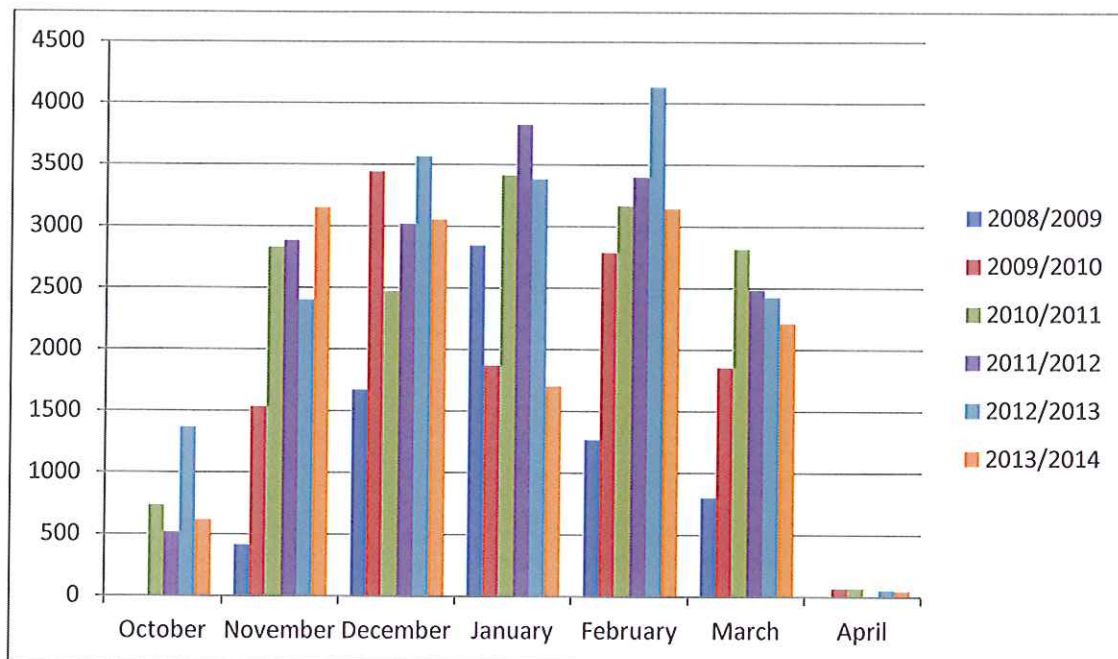
Opening hours – Thursday	8.30am to 4.30pm
Friday	8.30am to 4.30pm
Saturday	8.30am to 4.30pm
Sunday	8.30am to 4.30pm

Although the Shire operates landfill sites at both Ballidu and Cadoux please note that asbestos and septic waste can only be received at Wongan Hills.

Manager Building Services

Wongan Hills Swimming Pool:

The Wongan Hills Memorial Swimming Pool had another successful season. The total patronage for the 2013/2014 season year was 13,927.



Break down of swimming pool entrance income-

2008/2009-	\$14,066.34
2009/2010-	\$18,175.13
2010/2011-	\$26,733.67
2011/2012-	\$29,506.00
2012/2013-	\$34,088.00
2013/2014-	\$32,881.84

Break down of Swimming pool operating cost:

2008/2009-	\$102,681.00
2009/2010-	\$120,736.00
2010/2011-	\$144,449.00
2011/2012-	\$161,909.00
2012/2013-	\$162,636.00
2013/2014-	\$156,278.84 (Up to April)

As can be seen numbers and income are down on previous years, this could be caused by:

- The average temperature for this season was 27.7° and last season it was 31.3° thus poorer attendance numbers.
- Also as farmers harvested earlier this year they were able to get away over the Christmas holiday period which had a huge impact: and
- Finally we didn't run beach volleyball in the second part of the season as there were insufficient player who nominated,

All these factors would contribute to the income through the gate being down.

Manager Building Services

BUILDING SERVICES EXPENDITURE 2013/2014	
Building Maintenance	\$142,258
Building Capital Expenses	\$40,039
Cleaning	\$101,997
Swimming Pool Operating Costs	\$125,289
Utilities and Insurance to Council Buildings	\$236,000
Waste Collection	\$148,000
DrumMuster Costs	\$1,211

BUILDING APPROVAL STATISTICS			
Summary 2013/2014			
Type of Permit Issued For	Number	Value of Work	Fees Received
Carport, Patio, Pergola, Verandah	5	\$58,800	\$450.00
Domestic Outbuilding	2	\$21,386	\$180.00
Commercial/Industrial	5	\$761,863	\$905.40
New Dwelling	4	\$890,079	\$2,134.58
Swimming Pool	1	\$15,000	\$90.00
Veterinary Hospital	1	\$87,274	\$279.28
TOTAL 2013/2014	18	\$1,834,402	\$4,039.26
Total 2012/2013	13	\$588,084	\$2,382.65
Total 2011/2012	17	\$4,756,310	\$10,301
Total 2010/2011	26	\$1,981,003	\$5,708
Total 2009/2010	41	\$2,835,191	\$8374
Total 2008/2009	28	\$1,723,265	\$11,689
Total 2007/2008	49	\$3,589,381	\$21,073
Total 2006/2007	50	\$2,745,394	\$15,681
Total 2005/2006	38	\$3,135,606	\$6,929
Total 2004/2005	34	\$2,599,178	\$6,369
Total 2003/2004	33	\$1,584,377	\$5,396
Total 2002/2003	27	\$690,323	\$3,929
Total 2001/2002	18	\$4,121,150	\$9,041

PLANNING APPROVALS ISSUED		
Summary 2013/2014		
Number of Approvals Issued	Value of Development	Fees Received
3	\$240,000	\$934.00

DEMOLITION PERMITS ISSUED	
Summary 2013/2014	
Number of Permits Issued	Fees received
1	\$90.00

Manager Building Services

Environmental Health:

Health issues are dealt with by myself and our Environmental Health Officer, Miss Debbie Fortuin, who is based at the Shire of Dalwallinu. Debbie carries out regular inspections of food premises, shops, hotels, lodging houses, caravan parks and all of the Shire's public food preparation areas such as sporting facilities, halls, etc.

EHO report on Food Premises Inspections:

Currently the Shire has a total of 22 registered food premises. 4 of these premises are assessed as being low risk, 7 are medium risk and 11 are identified as exempt.

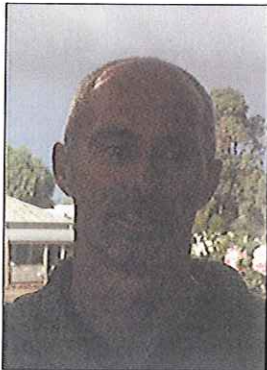
Premises receive a low, medium or high risk classification depending on the type and quantity of food they produce. For example a business which sells only pre-packaged food will be classified as a low risk.

Exempt premises are those that provide food for the public but are generally defined as community groups for the various sporting bodies which are not required to be registered but must still meet the requirements of the Food Act 2008.



Len deGrussa
MANAGER BUILDING SERVICES

Works Manager Report



Karl Mickle
Works Manager

During the year under review, Council once again committed in excess of \$2.3 million towards the development and maintenance of its road infrastructure.

The table below illustrates some of the wide range of works that were completed during this period.

PROJECT	EXPENDITURE
Roads – Construction (excluding footpaths)	\$ 1,509,420
Roads – Maintenance	\$ 725,438
Street Lighting and maintenance	\$ 37,423
Street sweeping and cleaning	\$ 26,742
Footpath Construction / Maintenance	\$ 23,637
Street Tree Maintenance	\$ 17,732
Traffic Management Signage	\$ 4,562

Council is highly reliant on funds being made available from sources such as the Commonwealth Government and Main Roads WA and this year was no different, with Council receiving over \$1,285,773 in direct funding. The break-down of the funding was as follows:

• WA Local Government Grants Commission(Commonwealth)	\$ 355,719
• MRWA (Direct Grant)(State)	\$ 142,213
• MRWA (Project Specific)(State)	\$ 496,311
• Federal Government (Roads to Recovery)	\$ 286,894
• Street Light Subsidy (State)	\$ 4,636

Road construction projects for the financial year included:

LOCATION	DESCRIPTION
Dowerin-Kalannie Rd	Final Seal (SLK 20.00-22.10)
Dowerin-Kalannie Rd	Widen to 7.00 + 10.0 formation SLK 26.20 - 28.20 (2Km)
Dowerin-Kalannie Rd	Widen to 7.00 + 10.0 formation SLK 28.20 - 30.60 (2.4Km)
Waddington Rd	Final Seal SLK 21.99-24.28 (17,500 sq.m)
Waddington Rd	Realign curve and widen to 7.0m bitumen SLK 12.00-13.75 (1.75Km)
Oliver Rd Intersection	Asphalt Intersection
Yerecoin South East Road	Reseal SLK(5.90-6.10) (6.30-7.00)(9.30-9.70)
Manmanning Road	Repair sup-base (Tree roots)10.10-10.30 3.9 Slks
Wongan-Cadoux Road	Shoulder Work Various 4km

Works Manager Report

Jenson Street	Repair Sub-base failure & seal
Yerecion South East Rd	Repair Sub-base failure SLK 7.0-7.20 200m
Hospital road	Shoulder Work & clearing Various 4km
Kondut East Rd	Emulsion surface enrichment 0.00-3.00 SLK
Old Ballidu	Gravel resheeting clearing 2 Km
Yerecion South East Rd	Shoulder Work 1.3Km
Kalguddering East Rd	Gravel Resheet-Clearing- Headwalls SLK 4.20-7.50 3.3Km
Ballidu Bindi Bindi Rd	Shoulders work & clearing SLK 3.0-4.0 (1 km)
Kondut West Road	Gravel resheet-Clearing-SLK12.70-15.70 3Km
White Wells Road	Gravel Resheet-Clearing 4Km Various
Sermon Road	Upgrade Culvert-Shoulder SLK 1.20-2.20 1Km
Moonijni West Road	Commence redesign on "S" bends 300m New road
Gabalong East Road	Gravel Resheet-Clearing SLK 1.90-3.00 & 4.50-5.80 2.4Km
Barrow Road	Gravel Resheeting & Clearing Slk 5.90-8.90 3Km

RESEAL WORK

JOB LOCATION	TREATMENT	SCHEDULE Mth / Yr
Dowerin-Kalannie Rd	10mm reseal	Feb'14
Dowerin-Kalannie Rd	Prime & 14mm primer	Dec'13
Dowerin-Kalannie Rd	Prime & 14mm primer	Dec'13
Waddington Rd	10mm reseal	Feb'14
Waddington Rd	14mm reseal	Feb'14
Oliver Rd Intersection	10mm reseal	Feb'14
Yerecion South East	10mm reseal	Feb'14
Manmanning Road	10mm reseal	Feb'14
Moonijin West Road	10mm reseal	Feb'14
Jenson Street	7mm reseal	Feb'14
Yerecion South East	10mm reseal	Feb'14
Kondut East Rd	5mm Enrichment	Feb'14

Construction Crew

The Construction crew and maintenance crew have done a fantastic job completing the works program under budget.

The construction crew completed the widening of the Dowerin Kalannie Road. With great results widening bitumen surface on one side of the road to 7 m seal

This work has required the boxing out of the water table area and the importing of rough full material, to use as a sub base to lift the area to be widened, were the existing road is much higher than the water table and drain. This is time consuming but the construction crew has successfully completed about 4 kilometers of the widening, and our culvert crew are extending the pipes and replacing headwalls.

Works Manager Report

The construction crews have also realigning curves and widening Waddington Road to a 7 meter seal at SLK 12-13.75. This work has improved visibility and the overall safety in the sections

Parks and Gardens

The Parks and Gardens team have done an outstanding job this financial year.

They had no special projects this financial year, however have maintained a high standard throughout the Shire; we are constantly getting accolades on their outstanding works around the Shire especially on the condition of the ovals. But this comes at a cost of around \$83,350 this financial year. The upgrade to the Shire office gardens (last financial year's project) is starting to take shape well done to the Garden crew.

Maintenance Crews

The maintenance grader drivers have had a busy season maintaining the 980 kilometers of unsealed roads We have modified grading techniques throughout the year which is greatly improved the network, they also have done outstanding work clearing back slopes and blind corners.

The patch and truck has been busy patch the bitumen roads around the Shire and preparing the roads for reseals this bitumen network is around 350 kilometers they also replacing guideposts and signs assist around town and dig graves at cemetery.

Plant Replacement

Council maintains and regularly reviews and updates a comprehensive 10 year "Plant Replacement Programme" that schedules the most cost effective replacement cycles for all of its plant.

This process achieves two (2) goals:

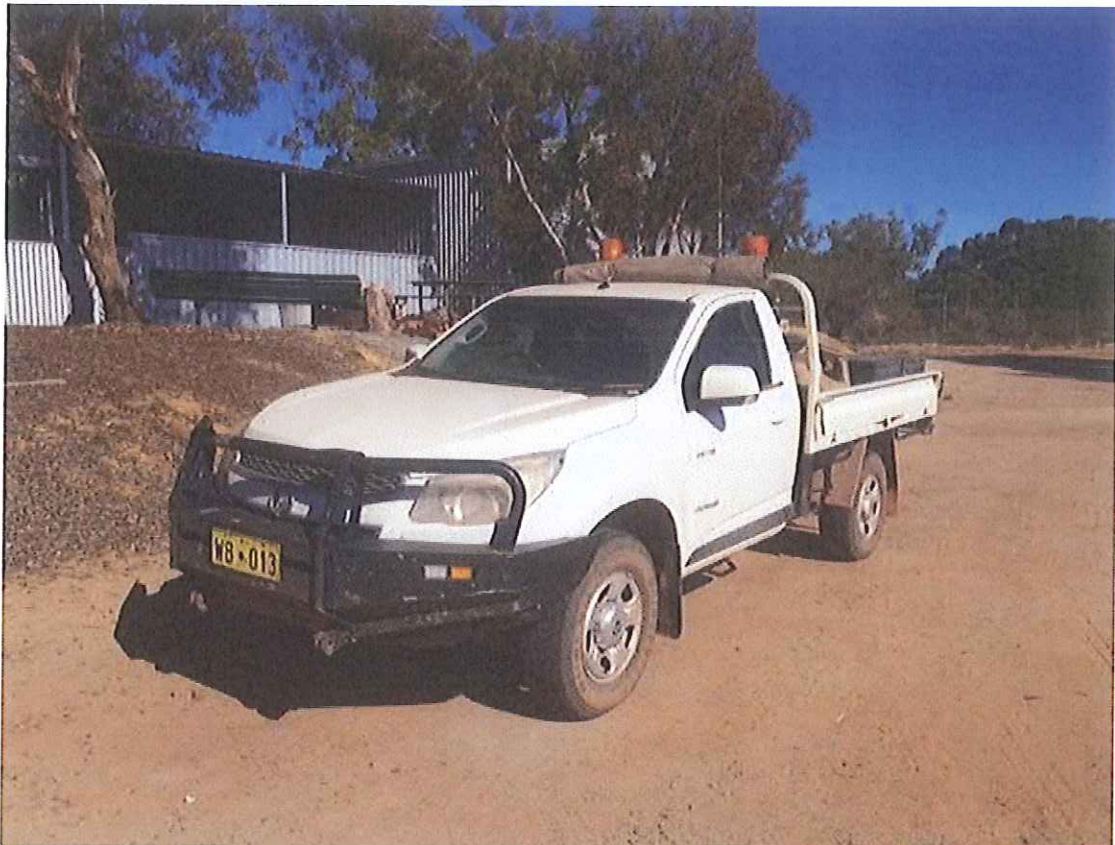
- (1) It ensures that the best returns are achieved on the sale of plant
- (2) It provides the most up-to-date and efficient machinery to undertake works.

As a result of this year's review Council purchased a new Komatsu GD555 grader

We have upgraded the following vehicles:

- Rangers Ute
- Maintenance Graders Ute
- Doctors Vehicle
- Second hand loader (Tip)

Works Manager Report



Works Manager Report



Karl Mickle

**KARL MICKLE
WORKS MANAGER**

Manager Community Services Report



Tanya Greenwood
Manager Community Services

Strong local communities not only depend on infrastructure and services such as adequate roads, telephone, health services and transport, they also need enthusiastic and motivated people, community organisations that work well, a long term 'vision' for the community, and a strong focus on practical action to achieve the vision. The Shire of Wongan-Ballidu is not short of such people who drive our community to achieve great things. This year saw a variety of community groups contribute to community capacity building, from providing seminars on wellbeing to creating opportunities for ongoing services for families in need. Council has shown support for the efforts of its community groups by providing budgeted financial support of \$104,765 to be distributed to the community between its annual donations and Community Development Fund.

Organisation	Amount
Anglican Parish of Wongan Hills - Dalwallinu	\$ 1,500.00
Appreciation of Volunteer Emergency Services members	\$ 500.00
Australia Day Function - Ballidu	\$ 200.00
Ballidu Art Society	\$ 4,500.00
Ballidu Sports Council (as per lease)	\$ 9,000.00
Ballidu Tidy Towns	\$ 500.00
Bike it to Ballidu	\$ 300.00
Cadoux Golf Club	\$ 5,850.00
Cadoux Sports Council (as per lease)	\$ 9,000.00
Cadoux Tidy Towns	\$ 200.00
Christmas Lights Competition	\$ 1,000.00
Citizenship Ceremonies	\$ 200.00
Council Plaques	\$ 200.00
P&C Pool Subsidies	\$ 2,040.00
Pre-school subsidies	\$ 1,000.00
School Chaplaincy	\$ 35,500.00
Tourism & Area Promotion	\$ 1,375.00
Wongan Bushcare	\$ 300.00
Wongan Hills Business Association	\$ 3,000.00
Wongan Hills Cricket Association	\$ 750.00
Wongan Hills District High Scholarship	\$ 350.00
Wongan Hills Main St Christmas Party	\$ 1,000.00
Wongan Hills Museum - Gardening maintenance	\$ 2,500.00
Wongan Hills Pharmacy Golf Day (Wongan Hills Police)	\$ 500.00
Wongan Hills Sports Council (as per lease)	\$ 9,000.00
Wongan Hills Tidy Towns	\$ 500.00
Wongan Hills Tourism Group	\$ 10,000.00
YouthCare	\$ 4,000.00
Total	\$ 104,765.00

Manager Community Services Report

This year we were fortunate enough to share a Be-Active co-ordinator with the Shire's of Goomalling and Toodyay. The aim of this role was to assist club development throughout the Shire and create capacity for sports development and new opportunities outside of traditional sporting programs. One program that saw great growth this year was KidSport. KidSport enables Western Australian children to participate in community sport and recreation, no matter their financial circumstances. Eligible youth aged 5–18 years have been able apply for financial assistance to contribute towards club fees. A total of \$1600 was contributed towards club fees in the Shire in 2013/14.

To assist the Shire in the management of cats and to help reduce the impact on Shires resources we applied to the Department of Local Government and Communities and received \$4,000 towards a cat sterilisation program.

The program objectives included;

- Make it affordable for low income families to sterilise their cat.
- Make it affordable for pensioners to sterilise their cat.
- Reduce the number of unsterilized cats in the Shire of Wongan-Ballidu
- Reduce the number of unwanted kittens being born into the community.
- Reduce the associated nuisance behaviour that is identified with mating cats such as defecation, attacks on domestic pets, noise at night and fighting and wandering in search of mates.
- Reduce stray and feral cat numbers and prevent damage due to predation on native wildlife.

Although the program got off to a slow start, towards the end of the financial year numbers of sterilised cats increased.

The progression of the new Community Resource Precinct dictated that provision be made for the fit out of the Community Resource, Local Studies and Art's Centre. An application was submitted to the Department of Regional Development and Lotterywest for funding. The Department of Regional Development approved a grant totalling \$27,603 and Lotterywest approved a grant summing \$40,187. This funding will be used towards purpose designed furniture for the centre.

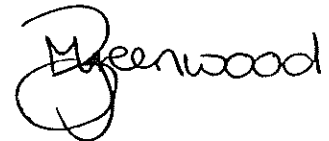
The Community Resource Centre is now the administrator of the Local Drug Action Group in Wongan Hills. Local Drug Action Groups represent the fundamental concepts of Community Development – a grass roots, bottom up approach to the prevention and reduction of drug related harm within their communities. It is a unique and innovative program that involves and empowers the community to take action to tackle drug related issues. The community services team look forward to presenting a range of programs that promote the awareness of excess drug and alcohol use and the effects that this has on the community.

We have launched the Wonga-Balli Boomer in live space digital format this year and affectionately call it the "eBoomer". It can be downloaded to a computer, PC, Mac, laptop, PDA, tablet, smartphone or any other kind of reading device, and is read on the screen. Subscriptions have seen a steady increase, particularly by those that no longer live in Wongan-Ballidu but still have strong ties to the community.

Manager Community Services Report

I would like to extend a thank you to our volunteers that collate the boomer, and the loyal Boomer consumers and advertisers. Without your support the community wouldn't have a publication that continues to grow.

Once again, it has been a pleasure working for the community of Wongan-Ballidu and I hope that the Community Services team can continue achieving the things that are important to you, your organisations and your town.



**TANYA GREENWOOD
MANAGER COMMUNITY SERVICES**

Statutory Reports

Freedom of Information Statement

The Shire of Wongan-Ballidu is responsible for the good governance of the Shire and carries out functions as required including statutory compliance and provision of services and facilities.

The Council consists of eleven elected members who meet each month, except January, to make decisions relating to the policy and direction of the Shire. All Council meetings are open to the public and the meeting dates and venues are advertised. Members of the public are able to ask questions during Public Question Time at the commencement of each meeting.

Council maintains records relating to each property within the Shire and also records relating to the function and administration of the Shire including Codes of Conduct, Minutes of Meetings, Register of Financial Interests, Register of Delegated Authority, Rate Book, Electoral Roll, Financial Statements, Local Laws and Town Planning Schemes.

These documents can be inspected free of charge at the Shire Administration Office, corner Quinlan Street and Elphin Crescent Wongan Hills, 8:30am to 4:30pm, Monday to Friday (except public holidays).

Changes to personal information should be made in writing.

Council had no requests for Freedom of Information during the year under review as Council has an active policy of providing access to information wherever possible and practical (where it does not contravene the privacy rights of individuals) free of charge. Note that a small administrative / copy charge may be incurred.

Requests for information under the Freedom of Information Act can be sent to:

Chief Executive Officer
Shire of Wongan-Ballidu
PO Box 84
WONGAN HILLS WA 6603

Disability Services and Inclusiveness Plan

Council continues to upgrade its buildings to incorporate access for the disabled.

All applications for building licences have the Building Code of Australia access requirements applied.

The Shire continues to improve access to written information and publications and increase awareness through public information and grievance mechanisms.

National Competition Policy

In 1995 the Council of Australian Government entered into a number of agreements known as the *National Competition Policy*. The policy is a whole of Government approach to bring about reform in the public sector to encourage Government to become more competitive.

Local Government will mainly be affected where it operates significant business activities that compete or could compete with private sector business. Local Government will also be impacted where its local laws unnecessarily affect competition.

Statutory Reports

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

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or suffer a disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralize any net competitive advantage flowing from government ownership.

Competitive neutrality should apply to all business activities that generate a user pays income of over \$200,000 per annum, unless it can be shown it is not in the public interest. 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.

The Shire of Wongan-Ballidu does not control any business activity with a user pays income in excess of \$200,000.

Public Interest Disclosure

The Public Interest Disclosure Act was established by the Commissioner for Public Sector Standards under Section 20 of the Public Interest Disclosure Act 2003.

One of the principles of the new legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also encourages a system of transparency and accountability in the way government or government officials act and utilise public monies.

Matters that fall into the category of public interest include the following:

- Improper Conduct (irregular or unauthorised use of public resources)
- An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of, public resources).
- Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment)

Matters that relate to the Shire of Wongan-Ballidu should be referred to the Shire of Wongan-Ballidu's Public Interest Disclosure Officer. Disclosures to the Public Interest Disclosure Officer can be made not just about officers of a local authority but also its elected officials.

There is an obligation on the Public Interest Disclosure Officer in the Public Interest Disclosure Act to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability, dismissal or breach of confidentiality.

The Shire of Wongan-Ballidu had no Public interest Disclosures during the reporting period.

Statutory Reports

Recordkeeping Plan

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires that every government organization must have a recordkeeping plan (RKP) that has been approved by the State Records Commission.

A government organization's recordkeeping plan sets out the matters about which records are to be created by the organization and how it is to keep its records.

The recordkeeping plan comprises of a range of documents which, when assessed as a whole, provides an accurate reflection of the recordkeeping program within the organization. More specifically, documentation regarding the organization's recordkeeping system/s, disposal arrangements, policies, practices and processes are the essential components of the recordkeeping plan. The inclusion of such documentation will constitute evidence of compliance.

The Shire of Wongan-Ballidu reviewed the RKP in April 2011 and a revised RKP was submitted to the State Records Office (SRO) for approval on the 5th August 2011.

The SRO approved the Amended RKP effectively on the 5th August 2011.

The RKP reflects current situation and reports on compliance areas as per SRC Standard 2, Principle 6.

The RKP reports policies, procedures and activities which are or will be implemented by the Shire of Wongan-Ballidu to comply with the State Records Act 2000.

Staff members responsible for records management have been trained in the basic retention and disposal methods for Local Government and have attended Record Keeping Plan training at the Office of State Records.

In-house recordkeeping training sessions for staff are conducted on an as needs basis, for example, when an aspect of the recordkeeping systems changes, or if, responsibilities change.

The Induction/introduction clearly addresses employee roles and responsibilities in relation to recordkeeping and the program is run in accordance with the RKP.

Staffs are encouraged to attend training courses outside the organization whenever practicable.

Further training is programmed for new and existing staff in the following reporting period.

In accordance with section 28 of the State Records 2000, the plan for the Shire of Wongan-Ballidu is to be reviewed within (5) five years of its approval date.

A completion of this review will be submitted to the SRO on or before 05th August 2016.

Statutory Reports

Information on Payments to Employees

For the purposes of Section 5.53(2) (g) the Annual Report of a Local Government for a financial year, below in bands of \$10,000, is the number of employees of the Shire of Wongan-Ballidu entitled to an annual salary of \$100,000 or more.

Annual salary only includes the cash component of any remuneration.

Annual Salary Entitlements	Actual
<i>Employee entitled to an annual salary of \$100,000 to \$150,000</i>	1

Code of Conduct Breaches

The Councils complaints officer has reviewed no complaints valid or otherwise against its adopted Code of Conduct of the State-wide Local Government (Rules of Conduct) Regulations during the financial year.

Conduct of Elected Members

Pursuant to Section 5.110 and 5.121 of the Local Government Act 1995 the complaints officer for a local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of that Act.

The register of complaints is to include, for each recorded complaint —

- (a) the name of the council member about whom the complaint is made;
- (b) the name of the person who makes the complaint;
- (c) a description of the minor breach that the standards panel finds has occurred; and
- (d) details of the action taken under section 5.110(6)(b) or (c).

Noting the law only came into effect from October 2007; details of entries made under section 5.121 during the 20011/12 financial year in the register of complaints are;

- (i) the number of complaints recorded in the register of complaints; Nil.
- (ii) how the recorded complaints were dealt with; Not applicable.

Stuart Taylor
Designated Complaints Officer
Chief Executive Officer
Shire of Wongan-Ballidu

Review of the Planning for the Future

The Local Government Act 1995 states the necessity for the preparation and implementation for Planning for the Future.

The Plan will provide a structural medium for the Local Government to develop a process by which works and services can be delivered, not only efficiently, but also progressively.

This is not to say the Plan is set in concrete. The Plan may be reviewed on an annual basis, but must be updated each second year before budget adoption to ensure that community needs are continually amended and delivered.

Statutory Reports

It is for this reason that Council urges the community to interact with Council in developing the Plan so as to guarantee open, fair and responsible government.

On behalf of the Shire of Wongan-Ballidu, I invite the community to take the opportunity to enter and develop a partnership that will take us into an exciting and fulfilling future.

Section 5.56 is as follows:

5.56 Planning for the future

- (1) A local government is to plan for the future of the district.*
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.*

Section 19C is as follows:

19C. Strategic community plans, requirements for (Act s. 5.56)

- (1) A local government is to ensure that a strategic community plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
 - (2) A strategic community plan for a district is to cover the period specified in the plan, which is to be at least 10 financial years.
 - (3) A strategic community plan for a district is to set out the vision, aspirations and objectives of the community in the district.
 - (4) A local government is to review the current strategic community plan for its district at least once every 4 years.
 - (5) In making or reviewing a strategic community plan, a local government is to have regard to —
 - (a) the capacity of its current resources and the anticipated capacity of its future resources; and
 - (b) strategic performance indicators and the ways of measuring its strategic performance by the application of those indicators; and
 - (c) demographic trends.
 - (6) Subject to subregulation (9), a local government may modify its strategic community plan, including extending the period the plan is made in respect of.
 - (7) A council is to consider a strategic community plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.
- *Absolute majority required.
- (8) If a strategic community plan is, or modifications of a strategic community plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.
 - (9) A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a strategic community plan and when preparing modifications of a strategic community plan.
 - (10) A strategic community plan for a district is to contain a description of the involvement of the electors and ratepayers of the district in the development of the plan or the preparation of modifications of the plan.

Statutory Reports

Councils Preferred Agents

AUDITORS

*UHY Haines Norton
Chartered Accountants
16 Lakeside Corporate
24 Parkland Road
OSBORNE PARK WA 6916*

SOLICITORS

*McLeods Barristers & Solicitors
Stirling Law Chambers
220-222 Stirling Highway
CLAREMONT WA 6010*

SETTLEMENT AGENTS

*St James Conveyancing
P O Box 912
BALCATTWA WA 6914*

BANKING AGENTS

*ANZ Bank
Fenton Place
WONGAN HILLS WA 6603*

DEBT COLLECTION AGENTS

*Austral Mercantile Collections
Level 2, 32 Kings Park Road
WEST PERTH WA 6005*

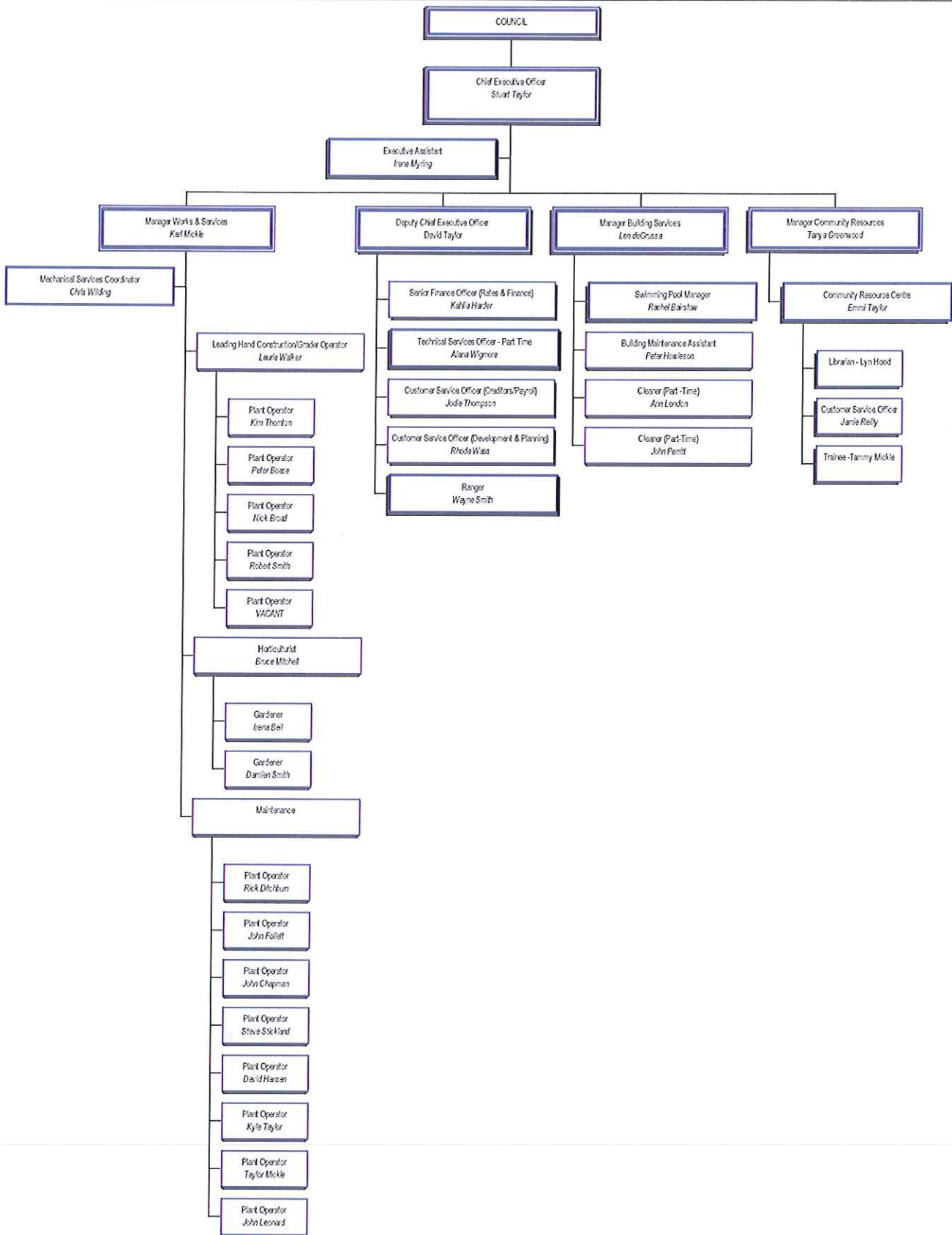
INSURANCE BROKERS

*Local Government Insurance Services
17 Altona Street
WEST PERTH WA 6005*



Organisation Chart

As at 2014



SHIRE OF WONGAN-BALLIDU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business:
Address

Corner of Quinlan Street and Elphin Crescent, Wongan Hills WA 6603

**SHIRE OF WONGAN-BALLIDU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

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



Stuart Taylor
Chief Executive Officer

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

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	22	2,482,183	2,479,843	2,391,106
Operating Grants, Subsidies and Contributions	28	1,239,822	1,237,502	2,468,970
Fees and Charges	27	1,649,946	561,142	728,349
Service Charges	24	28,400	24,650	0
Interest Earnings	2(a)	151,361	87,520	171,204
Other Revenue	2(a)	169,646	118,796	516,372
		<u>5,721,358</u>	<u>4,509,453</u>	<u>6,276,001</u>
Expenses				
Employee Costs		(1,896,371)	(2,044,854)	(2,037,410)
Materials and Contracts		(1,521,883)	(1,081,764)	(1,103,531)
Utility Charges		(308,999)	(272,764)	(286,061)
Depreciation on Non-Current Assets	2(a)	(2,332,895)	(2,405,197)	(2,346,685)
Interest Expenses	2(a)	(89,854)	(88,161)	(94,549)
Insurance Expenses		(240,743)	(213,752)	(258,599)
Other Expenditure		(192,373)	(229,955)	(415,489)
		<u>(6,583,118)</u>	<u>(6,336,447)</u>	<u>(6,542,324)</u>
		(861,760)	(1,826,994)	(266,323)
Non-Operating Grants, Subsidies and Contributions	28	817,299	1,383,955	2,137,765
Profit on Asset Disposals	20	0	0	19,807
Loss on Asset Disposals	20	<u>(775,890)</u>	<u>(118,000)</u>	<u>(44,920)</u>
NET RESULT		(820,351)	(561,039)	1,846,329
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	3,485,191	0	1,111,404
Total Other Comprehensive Income		<u>3,485,191</u>	<u>0</u>	<u>1,111,404</u>
Total Comprehensive Income		<u><u>2,664,840</u></u>	<u><u>(561,039)</u></u>	<u><u>2,957,733</u></u>

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

SHIRE OF WONGAN-BALLIDU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		49,003	34,400	81,875
General Purpose Funding		3,536,734	3,486,714	4,249,432
Law, Order, Public Safety		37,247	38,256	29,012
Health		199,391	139,000	260,962
Education and Welfare		7,463	12,967	3,044
Housing		98,827	102,962	129,538
Community Amenities		187,439	190,169	159,564
Recreation and Culture		90,934	65,159	469,359
Transport		183,940	169,266	551,533
Economic Services		30,849	21,550	25,826
Other Property and Services		1,299,531	249,010	315,856
	2(a)	<u>5,721,358</u>	<u>4,509,453</u>	<u>6,276,001</u>
Expenses				
Governance		(348,790)	(332,497)	(300,476)
General Purpose Funding		(85,482)	(92,503)	(116,514)
Law, Order, Public Safety		(113,429)	(87,740)	(80,185)
Health		(379,974)	(264,382)	(498,656)
Education and Welfare		(119,384)	(145,091)	(138,358)
Housing		(161,257)	(174,572)	(171,934)
Community Amenities		(398,648)	(264,930)	(376,779)
Recreation & Culture		(1,236,402)	(1,224,372)	(1,285,712)
Transport		(2,592,253)	(2,748,319)	(2,712,326)
Economic Services		(99,031)	(99,992)	(101,723)
Other Property and Services		(958,614)	(813,889)	(665,112)
	2(a)	<u>(6,493,264)</u>	<u>(6,248,287)</u>	<u>(6,447,775)</u>
Financial Costs				
Education and Welfare		(5,036)	0	(5,273)
Housing		(36,908)	(37,214)	(38,997)
Recreation & Culture		(6,605)	(6,405)	(1,743)
Other Property and Services		(41,305)	(44,542)	(48,536)
	2(a)	<u>(89,854)</u>	<u>(88,161)</u>	<u>(94,549)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		0	393,365	393,365
Recreation & Culture		25,094	198,279	1,219,766
Transport		783,205	783,311	524,634
Other Property and Services		9,000	9,000	0
		<u>817,299</u>	<u>1,383,955</u>	<u>2,137,765</u>
Profit/(Loss) on Disposal of Assets				
Governance		(50,850)	(8,000)	(3,253)
Law, Order, Public Safety		(6,497)	(2,500)	0
Health		(62,016)	(12,000)	0
Education and Welfare		(4,012)	0	0
Housing		0	0	(40,335)
Recreation & Culture		(294,617)	(25,500)	4,117
Transport		(231,021)	(67,500)	14,358
Economic Services		(101,939)	(2,500)	0
Other Property and Services		(24,938)	0	0
		<u>(775,890)</u>	<u>(118,000)</u>	<u>(25,113)</u>
Net Result		<u>(820,351)</u>	<u>(561,039)</u>	<u>1,846,329</u>
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	3,485,191	0	1,111,404
Total Other Comprehensive Income		<u>3,485,191</u>	<u>0</u>	<u>1,111,404</u>
Total Comprehensive Income		<u><u>2,664,840</u></u>	<u><u>(561,039)</u></u>	<u><u>2,957,733</u></u>

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

SHIRE OF WONGAN-BALLIDU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,639,564	2,576,332
Trade and Other Receivables	4	2,096,307	593,520
Inventories	5	17,818	20,237
TOTAL CURRENT ASSETS		<u>3,753,689</u>	<u>3,190,089</u>
NON-CURRENT ASSETS			
Other Receivables	4	331,086	816,220
Inventories	5	904,335	928,671
Property, Plant and Equipment	6	23,528,150	20,375,194
Infrastructure	7	43,668,199	43,755,089
TOTAL NON-CURRENT ASSETS		<u>68,431,770</u>	<u>65,875,174</u>
TOTAL ASSETS		<u>72,185,459</u>	<u>69,065,263</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	828,578	319,785
Current Portion of Long Term Borrowings	9	1,022,385	87,126
Provisions	10	335,617	283,390
TOTAL CURRENT LIABILITIES		<u>2,186,580</u>	<u>690,301</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	846,374	1,868,759
Provisions	10	60,209	78,747
TOTAL NON-CURRENT LIABILITIES		<u>906,583</u>	<u>1,947,506</u>
TOTAL LIABILITIES		<u>3,093,163</u>	<u>2,637,807</u>
NET ASSETS		<u>69,092,296</u>	<u>66,427,456</u>
EQUITY			
Retained Surplus		53,261,020	54,049,571
Reserves - Cash Backed	11	1,511,012	1,542,812
Revaluation Surplus	12	14,320,264	10,835,073
TOTAL EQUITY		<u>69,092,296</u>	<u>66,427,456</u>

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

**SHIRE OF WONGAN-BALLIDU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		52,126,655	1,619,399	9,723,669	63,469,723
Comprehensive Income		1,846,329	0	0	1,846,329
Net Result		<u>1,846,329</u>	<u>0</u>	<u>1,111,404</u>	<u>1,111,404</u>
Changes on Revaluation of Non-Current Assets	12	0	0	1,111,404	1,111,404
Total Comprehensive Income		<u>1,846,329</u>	<u>0</u>	<u>1,111,404</u>	<u>2,957,733</u>
Transfers from/(to) Reserves		76,587	(76,587)	0	0
Balance as at 30 June 2013		54,049,571	1,542,812	10,835,073	66,427,456
Comprehensive Income		(820,351)	0	0	(820,351)
Net Result		<u>(820,351)</u>	<u>0</u>	<u>3,485,191</u>	<u>3,485,191</u>
Changes on Revaluation of Non-Current Assets	12	0	0	3,485,191	3,485,191
Total Comprehensive Income		<u>(820,351)</u>	<u>0</u>	<u>3,485,191</u>	<u>2,664,840</u>
Transfers from/(to) Reserves		31,800	(31,800)	0	0
Balance as at 30 June 2014		53,261,020	1,511,012	14,320,264	69,092,296

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

**SHIRE OF WONGAN-BALLIDU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,459,280	2,484,844	2,391,106
Operating Grants, Subsidies and Contributions		174,493	1,287,224	2,081,847
Fees and Charges		1,649,946	561,142	703,449
Service Charges		28,400	24,650	24,900
Interest Earnings		151,361	119,298	171,204
Goods and Services Tax		505,929	130,000	723,936
Other Revenue		169,646	87,017	132,120
		<u>5,139,055</u>	<u>4,694,175</u>	<u>6,228,562</u>
Payments				
Employee Costs		(1,819,038)	(2,044,854)	(1,979,051)
Materials and Contracts		(1,036,344)	(921,665)	(1,054,219)
Utility Charges		(308,999)	(272,764)	(286,061)
Interest Expenses		(107,825)	(87,075)	(94,549)
Insurance Expenses		(240,743)	(213,752)	(258,599)
Goods and Services Tax		(480,934)	(100,000)	(670,133)
Other Expenditure		(167,320)	(231,041)	(319,641)
		<u>(4,161,203)</u>	<u>(3,871,151)</u>	<u>(4,662,253)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>977,852</u>	<u>823,024</u>	<u>1,566,309</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	(50,000)	0
Payments for Purchase of Property, Plant & Equipment		(1,344,121)	(1,864,853)	(3,116,206)
Payments for Construction of Infrastructure		(1,517,946)	(1,856,768)	(1,838,538)
Non-Operating Grants, Subsidies and Contributions		817,299	1,383,955	2,137,765
Proceeds from Sale of Fixed Assets		171,690	212,500	185,271
Net Cash Provided by (Used In) Investment Activities		(1,873,078)	(2,175,166)	(2,631,708)
Cash Flows from Financing Activities				
Repayment of Debentures		(87,126)	(87,126)	(1,082,116)
Proceeds from Self Supporting Loans		45,584	56,062	52,935
Proceeds from New Debentures		0	0	1,000,000
Net Cash Provided By (Used In) Financing Activities		(41,542)	(31,064)	(29,181)
Net Increase (Decrease) in Cash Held		(936,768)	(1,383,206)	(1,094,580)
Cash at Beginning of Year		2,576,332	2,646,219	3,670,912
Cash and Cash Equivalents at the End of the Year	13(a)	<u>1,639,564</u>	<u>1,263,013</u>	<u>2,576,332</u>

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

**SHIRE OF WONGAN-BALLIDU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		49,003	34,400	81,875
General Purpose Funding		1,054,551	1,400,236	2,251,691
Law, Order, Public Safety		37,247	38,256	29,012
Health		199,391	139,000	260,962
Education and Welfare		7,463	12,967	3,044
Housing		98,827	102,962	129,538
Community Amenities		187,439	190,169	159,564
Recreation and Culture		116,028	263,438	1,364,126
Transport		967,145	952,577	1,090,525
Economic Services		30,849	21,550	25,826
Other Property and Services		1,308,531	258,010	646,304
		<u>4,056,474</u>	<u>3,413,565</u>	<u>6,042,467</u>
Expenses				
Governance		(399,640)	(340,497)	(303,729)
General Purpose Funding		(85,482)	(92,503)	(116,514)
Law, Order, Public Safety		(119,926)	(90,240)	(80,185)
Health		(441,990)	(276,382)	(498,656)
Education and Welfare		(128,432)	(145,091)	(143,631)
Housing		(198,165)	(211,786)	(251,265)
Community Amenities		(398,648)	(264,930)	(376,779)
Recreation and Culture		(1,537,624)	(1,256,277)	(1,288,788)
Transport		(2,823,274)	(2,815,819)	(2,712,326)
Economic Services		(200,970)	(102,492)	(101,723)
Other Property and Services		(1,024,855)	(858,430)	(713,648)
		<u>(7,359,006)</u>	<u>(6,454,447)</u>	<u>(6,587,244)</u>
Net Result Excluding Rates		(3,302,532)	(3,040,882)	(544,777)
Adjustments for Cash Budget Requirements:				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	(330,449)
(Profit)/Loss on Asset Disposals	20	775,890	118,000	25,113
Movement in Fixed Assets on Revaluation (Motor Vehicles)		0	0	96,264
Impairment of Infrastructure		716	0	0
Impairment on Land Held For Resale		24,336	0	93,141
Movement in Deferred Pensioner Rates (Non-Current)		(4,184)	0	(4,724)
Movement in Long Service Leave Reserve		2,275	0	0
Movement in Employee Benefit Provisions (Non-Current)		(18,538)	0	57,994
Depreciation and Amortisation on Assets	2(a)	2,332,895	2,405,197	2,346,685
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	(50,000)	0
Purchase Land and Buildings	6(a)	(624,631)	(1,086,771)	(2,758,848)
Purchase Furniture and Equipment	6(a)	(15,569)	(59,984)	0
Purchase Plant and Equipment	6(a)	(532,953)	(534,498)	(357,358)
Purchase Motor Vehicles	6(a)	(170,968)	(183,600)	
Purchase Roads	7(a)	(1,510,136)	(1,856,767)	(1,838,955)
Purchase Other Infrastructure - Other	7(a)	(7,810)	0	0
Proceeds from Disposal of Fixed Assets	20	171,690	212,500	185,271
Repayment of Debentures	21(a)	(87,126)	(87,126)	(1,082,116)
Proceeds from New Debentures	21(a)	0	0	1,000,000
Proceeds from Self Supporting Loans		45,584	56,161	52,935
Transfers to Reserves (Restricted Assets)	11	(288,200)	(269,320)	(595,238)
Transfers from Reserves (Restricted Assets)	11	320,000	763,000	671,825
ADD Surplus/(Deficit) July 1 B/Fwd	22(b)	1,058,418	1,068,529	1,580,170
LESS Surplus/(Deficit) June 30 C/Fwd	22(b)	651,340	(65,718)	988,039
Total Amount Raised from General Rate	22(a)	<u>(2,482,183)</u>	<u>(2,479,843)</u>	<u>(2,391,108)</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

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

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

Land Under Control

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangements

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets clearing and earthworks construction base	not depreciated 50 years
original surfacing and major resurfacing - bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads clearing and earthworks construction/road base gravel sheet	not depreciated 50 years 12 years
Formed roads (unsealed) clearing and earthworks construction/road base	not depreciated 50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

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

Capitalisation Threshold

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

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

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

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

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

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

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

Derecognition

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

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

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(l) Borrowing Costs

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

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

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

(n) Leases

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

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

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

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

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

(o) Investment in Associates

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

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

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

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

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

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

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit of the annual financial report	28,955	18,359
- Financial Management Review	0	6,500
- Assistance with the finalisation of the annual financial report	0	900
- Other Services	24,145	18,803
Depreciation		
Non-Specialised Buildings	140,295	228,007
Specialised Buildings	159,945	127,683
Furniture and Equipment	38,183	66,354
Plant and Equipment	265,614	316,265
Motor Vehicles	32,969	51,146
Roads	1,522,587	1,413,885
Footpaths	19,049	18,142
Drainage	49,858	49,638
Other Infrastructure - Parks, Ovals, Dams, etc	99,368	71,315
Other Infrastructure - Signs	4,250	4,250
Other Infrastructure - Other	777	0
	<u>2,332,895</u>	<u>2,346,685</u>
Interest Expenses (Finance Costs)		
Debentures (<i>refer Note 21(a)</i>)	89,854	94,549
	<u>89,854</u>	<u>94,549</u>
(ii) Crediting as Revenue:		
Significant Revenue		
Recreation and Culture	0	330,449
	<u>0</u>	<u>330,449</u>

The significant revenue in 2013 related to the initial recognition of land and improvements under the Shire's control in accordance with amendments to the Financial Management Regulations. It has have been classified as Other Revenue by Nature or Type.

Other Revenue

Significant Revenue (Refer Above)	0	330,449
Reimbursements and Recoveries	169,646	185,923
	<u>169,646</u>	<u>516,372</u>

	2014 Actual \$	2014 Budget \$	2013 Actual \$
Interest Earnings			
- Self Supporting Loans	37,040	0	52,402
- Reserve Funds	63,200	44,320	68,590
- Other Funds	28,875	20,000	30,089
Other Interest Revenue (<i>refer note 26</i>)	22,246	23,200	20,123
	<u>151,361</u>	<u>87,520</u>	<u>171,204</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life. Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

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

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth

Activities:

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

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

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

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

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

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance (1)	Received (2)	Expended (3)	Closing Balance (1)	Received (2)	Expended (3)	Closing Balance
Grant/Contribution	Function/Activity	1/07/12	2012/13	2012/13	30/06/13	2013/14	2013/14	30/06/14
		\$	\$	\$	\$	\$	\$	\$
Dept Local Govt. (Stat Comm Ping)	Governance	34,319	0	(20,771)	13,548	0	0	13,548
Dept Local Govt. (Workforce Ping)	Governance	0	25,000	0	25,000	0	0	25,000
Roads to Recovery	Transport	0	382,520	(278,165)	104,355	0	(104,355)	0
Department of Sport & Rec (Bowling)	Rec. & Culture	0	69,766	(69,766)	0	0	0	0
Ballidu Bowling Club	Rec. & Culture	0	63,424	(63,424)	0	0	0	0
CRC Community Res Network	Comm. Amenities	1,780	0	0	1,780	0	0	1,780
CRC - CRN Funding	Comm. Amenities	0	250,000	(250,000)	0	0	0	0
CRC Lotterywest	Comm. Amenities	0	750,000	(750,000)	0	0	0	0
CRC Wheatbelt Development Group	Comm. Amenities	300,000	150,000	(450,000)	0	0	0	0
CRC RDL (CLGF Regional)	Comm. Amenities	350,035	0	(350,035)	0	0	0	0
CRC RDL (CLGF Local)	Comm. Amenities	346,220	0	(346,220)	0	0	0	0
Department of Local Government	Law, Order, Publ. Safety	0	0	0	0	4,000	(309)	3,691
CRC RDL (Fitout Grant)	Comm. Amenities	0	0	0	0	25,094	0	25,094
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
		0	0	0	0	0	0	0
Total		1,032,354	1,690,710	(2,578,381)	144,683	29,094	(104,664)	69,113

Notes:

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

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

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

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

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		130,597	888,837
Restricted		<u>1,508,967</u>	<u>1,687,495</u>
		<u><u>1,639,564</u></u>	<u><u>2,576,332</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Depot Improvement Reserve	11	5,736	5,564
Plant Reserve	11	608,706	687,287
Loan Repayments Reserve	11	314,046	292,060
Housing Reserve	11	92,801	89,889
WH CRC Reserve	11	11,992	11,622
LSL Reserve	11	72,654	70,379
Swimming Pool Reserve	11	12,027	6,833
Historical Reserve	11	6,273	6,074
Medical Facilities & R4R Special Projects Reserve	11	314,020	302,663
Waste Management Reserve	11	11,732	25,779
Housing JV Stickland Street Reserve	11	19,453	14,025
Housing JV Quinlan Street Reserve	11	24,297	18,719
Housing JV Patterson Street Reserve	11	17,275	11,918
Unspent Grants	2(c)	69,113	144,683
		<u>1,580,125</u>	<u>1,687,495</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		94,064	75,345
Sundry Debtors		1,483,727	401,778
GST Receivable		0	24,995
Loans - Clubs/Institutions		499,796	56,062
Other Debtors		18,720	35,340
		<u>2,096,307</u>	<u>593,520</u>
Non-Current			
Rates Outstanding - Pensioners		19,913	15,729
Loans - Clubs/Institutions		311,173	800,491
		<u>331,086</u>	<u>816,220</u>
5. INVENTORIES			
Current			
Fuel and Materials		17,818	20,237
		<u>17,818</u>	<u>20,237</u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		100,000	234,629
Development Costs		804,335	694,042
		<u>904,335</u>	<u>928,671</u>

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

	2014 \$	2013 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	1,953,630	0
- Cost	<u>0</u>	<u>1,368,565</u>
	1,953,630	1,368,565
Land Vested In and Under the Control of Council at:		
- Cost	0	266,887
- Management Valuation 2014	<u>266,887</u>	<u>0</u>
	266,887	266,887
Total Land	<u><u>2,220,517</u></u>	<u><u>1,635,452</u></u>
Non-Specialised Buildings at:		
- Independent Valuation 2007	0	1,865,154
- Independent Valuation 2014	2,472,827	0
- Cost	0	751,002
Less: Accumulated Depreciation	<u>0</u>	<u>(473,181)</u>
	2,472,827	2,142,975
Specialised Buildings at:		
- Independent Valuation 2007	0	11,770,155
- Independent Valuation 2014	16,072,567	0
- Cost	0	4,613,298
Less: Accumulated Depreciation	<u>0</u>	<u>(2,906,686)</u>
	16,072,567	13,476,767
Total Buildings	<u><u>18,545,394</u></u>	<u><u>15,619,742</u></u>
Total Land and Buildings	<u><u>20,765,911</u></u>	<u><u>17,255,194</u></u>
Furniture and Equipment at:		
- Management Valuation 2013	69,786	259,840
- Additions after Valuation - Cost	15,569	0
Less Accumulated Depreciation	<u>(38,183)</u>	<u>0</u>
	47,172	259,840
Plant and Equipment at:		
- Management Valuation 2013	2,267,418	2,692,160
- Additions after Valuation - Cost	532,953	0
Less Accumulated Depreciation	<u>(265,614)</u>	<u>0</u>
	2,534,757	2,692,160
Motor Vehicles at:		
- Management Valuation 2013	42,311	168,000
- Additions after Valuation - Cost	170,968	0
Less Accumulated Depreciation	<u>(32,969)</u>	<u>0</u>
	180,310	168,000
	<u><u>23,528,150</u></u>	<u><u>20,375,194</u></u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Land and Buildings:

The Shire's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy) unless there are some restrictions or other factors associated with the land which resulted in the land being deemed to be valued using Level 3 inputs.

These restriction and other factors included zoning, area, usage or topography has resulted in a reduced degree of confidence when applying a typical valuation method based on direct comparable sales evidence. The value of these lands were derived by making the necessary adjustments to the closest available market evidence in order to reflect the current (highest and best) use to which the land is zoned. given the significance of the Level 3 inputs the overall fair value measurement these lands are deemed to have been valued using Level 3.

With regard to non-specialised buildings, valuations were made on the basis of observable open market values or similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

As for specialised buildings, they were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these land and specialised building assets are deemed to have been valued using Level 3 inputs.

These Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation of these assets resulted in an overall increase of \$3,485,191 in the net value of the Shire's land and buildings. All of this increased was credited to the revaluation surplus in the Shire's equity (refer Note 12(a) and 12(b) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

With regard to land vested in and under the control of Council, these assets were originally recognised as at 30 June 2013 at deemed replacement cost where cost was effectively the fair value at the date of recognition.

As land vested in and under the control of Council is Crown Land restricted as to usage, it is not possible for an alternative usage to be considered when arriving at the fair value. In addition, due to its nature, any significant value attributable directly to the land would likely be offset by the need to return value to the Crown before any restriction is lifted, thus reducing the net fair value to nil.

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage.

These included both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs) and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these are deemed to have been valued using Level 3 inputs.

These Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

Due to the mandatory fair value measurement framework as detailed in Note 1(f), Land Vested in and under the control of Council required a fair value assessment to occur in the current year.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Land and Buildings: (Continued)

This was performed by management at 30 June 2014 on the same basis as the prior year deemed replacement cost valuation arrived at.

The revaluation of land vested in and under the control of Council resulted in neither an increase nor a decrease in the net value of the Land vested in and under the control of Council. Consequently no adjustment was recognised in either the net result or other comprehensive income in the Statement of Comprehensive Income.

Furniture and Equipment:

Plant and Equipment:

Motor Vehicles:

Furniture and equipment, plant and equipment and motor vehicles were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximate fair value. Thus, the value is considered in accordance with Local Government (Financial Management) Regulations 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year	Correction	Reclassification	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Freehold Land (Level 2)	589,000	(32,000)	0	0	0	113,000	0	0	670,000
Freehold Land (Level 3)	779,565	0	0	0	(100,400) *	604,465	0	0	1,283,630
Land Vested In and Under the Control of Council	266,887	0	0	0	0	0	0	0	266,887
Total Land	1,635,452	(32,000)	0	0	(100,400)	717,465	0	0	2,220,517
Non-Specialised Buildings (Level 2)	2,142,975	0	0	0	(1,590) *	471,737	0	(140,295)	2,472,827
Specialised Buildings (Level 3)	13,476,767	32,000	(99,817)	624,631	(97,058) *	2,295,989	0	(159,945)	16,072,567
Total Buildings	15,619,742	32,000	(99,817)	624,631	(98,648)	2,767,726	0	(300,240)	18,545,394
Total Land and Buildings	17,255,194	0	(99,817)	624,631	(199,048)	3,485,191	0	(300,240)	20,765,911
Furniture and Equipment (Level 3)	259,840	0	0	15,569	(190,054)	0	0	(38,183)	47,172
Plant and Equipment (Level 2)	2,692,160	0	0	532,953	(424,742)	0	0	(265,614)	2,534,757
Motor Vehicles (Level 2)	168,000	0	0	170,968	(125,689)	0	0	(32,969)	180,310
Total Property, Plant and Equipment	20,375,194	0	(99,817)	1,344,121	(939,533)	3,485,191	0	(637,006)	23,528,150

* These assets were written off under normal conditions of disposal. During the 2013/14 fair valuations it was discovered that these assets were included within the asset register when they should not have been as these assets were not property of the Shire. These assets were removed from the asset register during the 2013/14 financial year.

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

	2014	2013
	\$	\$
7. INFRASTRUCTURE		
Roads		
- Cost	77,637,846	76,064,862
Less Accumulated Depreciation	<u>(36,410,934)</u>	<u>(34,888,347)</u>
	41,226,912	41,176,515
Footpaths		
- Cost	655,496	655,496
Less Accumulated Depreciation	<u>(382,899)</u>	<u>(363,850)</u>
	272,597	291,646
Drainage		
- Cost	1,511,561	1,511,561
Less Accumulated Depreciation	<u>(1,350,022)</u>	<u>(1,300,164)</u>
	161,539	211,397
Other Infrastructure - Parks, Ovals, Dams, etc		
- Cost	2,955,027	3,030,465
Less Accumulated Depreciation	<u>(1,103,356)</u>	<u>(1,007,814)</u>
	1,851,671	2,022,651
Other Infrastructure - Signs		
- Cost	127,625	127,625
Less Accumulated Depreciation	<u>(78,995)</u>	<u>(74,745)</u>
	48,630	52,880
Other Infrastructure - Other		
- Cost	107,627	0
Less Accumulated Depreciation	<u>(777)</u>	<u>0</u>
	106,850	0
	<u>43,668,199</u>	<u>43,755,089</u>

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

7. INFRASTRUCTURE (Continued)

(a) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Reclassification \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	41,176,515	63,564	1,510,136	0	0	(716)	(1,522,587)	41,226,912
Footpaths	291,646	0	0	0	0	0	(19,049)	272,597
Drainage	211,397	0	0	0	0	0	(49,358)	161,539
Other Infrastructure - Parks, Ovals, Dams, etc	2,022,651	(63,564)	0	(8,048)	0	0	(99,368)	1,851,671
Other Infrastructure - Signs	52,880	0	0	0	0	0	(4,250)	48,630
Other Infrastructure - Other	0	99,817	7,810	0	0	0	(777)	106,850
Total	43,755,089	99,817	1,517,946	(8,048)	0	(716)	(1,695,889)	43,668,199

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

	2014	2013
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	693,028	221,322
Accrued Interest on Debentures	26,108	44,079
Accrued Salaries and Wages	28,430	19,650
GST Payable	34,864	0
FBT Payable	7,568	7,923
PAYG Payable	38,580	26,811
	<u>828,578</u>	<u>319,785</u>

9. LONG-TERM BORROWINGS

Current		
Debentures - Shire Purposes	533,067	31,064
Debentures - Self Supporting Loans	489,318	56,062
	<u>1,022,385</u>	<u>87,126</u>
Non-Current		
Debentures - Shire Purposes	535,201	1,068,268
Debentures - Self Supporting Loans	311,173	800,491
	<u>846,374</u>	<u>1,868,759</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current		
Provision for Annual Leave	152,468	184,640
Provision for Long Service Leave	170,969	85,304
Provision for RDO's	12,180	13,446
	<u>335,617</u>	<u>283,390</u>
Non-Current		
	60,209	78,747
	<u>60,209</u>	<u>78,747</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2013	184,640	164,051	348,691
Additional provision	83,746	84,091	167,837
Amounts used	(115,918)	(6,516)	(122,434)
Used amount reserved	0	(10,448)	(10,448)
Balance at 30 June 2014	<u>152,468</u>	<u>231,178</u>	<u>383,646</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED			
(a) Depot Improvement Reserve			
Opening Balance	5,564	5,564	5,392
Amount Set Aside / Transfer to Reserve	172	161	0
Amount Used / Transfer from Reserve	0	0	172
	<u>5,736</u>	<u>5,725</u>	<u>5,564</u>
(b) Plant Reserve			
Opening Balance	687,287	687,287	530,734
Amount Set Aside / Transfer to Reserve	221,419	219,751	(40,464)
Amount Used / Transfer from Reserve	(300,000)	(448,000)	197,017
	<u>608,706</u>	<u>459,038</u>	<u>687,287</u>
(c) Loan Repayments Reserve			
Opening Balance	292,060	292,060	89,763
Amount Set Aside / Transfer to Reserve	21,986	8,437	0
Amount Used / Transfer from Reserve	0	0	202,297
	<u>314,046</u>	<u>300,497</u>	<u>292,060</u>
(d) Housing Reserve			
Opening Balance	89,889	89,888	87,096
Amount Set Aside / Transfer to Reserve	2,912	2,599	0
Amount Used / Transfer from Reserve	0	0	2,793
	<u>92,801</u>	<u>92,487</u>	<u>89,889</u>
(e) WH CRC Reserve			
Opening Balance	11,622	11,622	11,261
Amount Set Aside / Transfer to Reserve	370	336	0
Amount Used / Transfer from Reserve	0	0	361
	<u>11,992</u>	<u>11,958</u>	<u>11,622</u>
(f) Land & Buildings Reserve			
Opening Balance	0	0	128,859
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(128,859)
	<u>0</u>	<u>0</u>	<u>0</u>
(g) LSL Reserve			
Opening Balance	70,379	70,379	68,192
Amount Set Aside / Transfer to Reserve	2,275	2,035	0
Amount Used / Transfer from Reserve	0	0	2,187
	<u>72,654</u>	<u>72,414</u>	<u>70,379</u>
(h) Swimming Pool Reserve			
Opening Balance	6,833	6,833	1,776
Amount Set Aside / Transfer to Reserve	5,194	5,198	0
Amount Used / Transfer from Reserve	0	0	5,057
	<u>12,027</u>	<u>12,031</u>	<u>6,833</u>

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

	2014 \$	2014 Budget \$	2013 \$
11. RESERVES - CASH BACKED (Continued)			
(i) Historical Reserve			
Opening Balance	6,074	6,075	5,885
Amount Set Aside / Transfer to Reserve	199	176	0
Amount Used / Transfer from Reserve	0	0	189
	<u>6,273</u>	<u>6,251</u>	<u>6,074</u>
(j) Medical Facilities & Royalties for Regions Special Projects Reserve			
Opening Balance	302,663	302,663	555,841
Amount Set Aside / Transfer to Reserve	11,357	8,590	(421,000)
Amount Used / Transfer from Reserve	0	(295,000)	167,822
	<u>314,020</u>	<u>16,253</u>	<u>302,663</u>
(k) Waste Management Reserve			
Opening Balance	25,779	25,779	44,357
Amount Set Aside / Transfer to Reserve	5,953	5,744	(20,000)
Amount Used / Transfer from Reserve	(20,000)	(20,000)	1,422
	<u>11,732</u>	<u>11,523</u>	<u>25,779</u>
(l) Centenary Celebrations Reserve			
Opening Balance	0	0	51,918
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(51,918)
	<u>0</u>	<u>0</u>	<u>0</u>
(m) Industrial & LIA Park Reserve			
Opening Balance	0	0	9,584
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(9,584)
	<u>0</u>	<u>0</u>	<u>0</u>
(n) Housing JV Stickland Street Reserve			
Opening Balance	14,025	14,025	8,744
Amount Set Aside / Transfer to Reserve	5,428	5,406	5,281
Amount Used / Transfer from Reserve	0	0	0
	<u>19,453</u>	<u>19,431</u>	<u>14,025</u>
(o) Housing JV Quinlan Street Reserve			
Opening Balance	18,719	18,718	13,293
Amount Set Aside / Transfer to Reserve	5,578	5,542	0
Amount Used / Transfer from Reserve	0	0	5,426
	<u>24,297</u>	<u>24,260</u>	<u>18,719</u>
(p) Housing JV Patterson Street Reserve			
Opening Balance	11,918	11,918	6,704
Amount Set Aside / Transfer to Reserve	5,357	5,345	0
Amount Used / Transfer from Reserve	0	0	5,214
	<u>17,275</u>	<u>17,263</u>	<u>11,918</u>
TOTAL RESERVES	<u>1,511,012</u>	<u>1,049,131</u>	<u>1,542,812</u>
Total Opening Balance	1,542,812	1,542,812	1,619,399
Total Amount Set Aside / Transfer to Reserve	288,200	269,320	595,238
Total Amount Used / Transfer from Reserve	(320,000)	(763,000)	(671,825)
TOTAL RESERVES	<u>1,511,012</u>	<u>1,049,132</u>	<u>1,542,812</u>

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

SHIRE OF WONGAN-BALLIDU
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FOR THE YEAR ENDED 30TH JUNE 2013

11. RESERVES - CASH BACKED (Continued)

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

- (a) Depot Improvement Reserve
 - To be used to fund capital improvements and maintenance works at the Shire of Wongan-Ballidu Depot.
- (b) Plant Reserve
 - To be used for the purchase of major plant.
- (c) Loan Repayments Reserve
 - To be used to fund loan repayments for land and housing development in the Shields Crescent and Danubin Rise areas.
- (d) Housing Reserve
 - To be used for the development of housing within the Shire.
- (e) WH CRC Reserve
 - To be used to transfer funds from the Community Resource Centre operations for the future purchase of capital, furniture and equipment.
- (f) Land & Buildings Reserve
 - To be used for purchase of land and the construction and maintenance of Council's assets.
- (g) LSL Reserve
 - To be used for Council's current and non-current long service leave liability.
- (h) Swimming Pool Reserve
 - To be used to fund capital and maintenance works at the Wongan Hills Memorial Swimming Pool.
- (i) Historical Reserve
 - To be used to fund historical publications and projects of the Shire.
- (j) Medical Facilities & Royalties for Regions Special Projects Reserve
 - To be used to fund the refurbishment of a multi-purpose medical facility in Wongan Hills to house the doctor, dentist and other medical services and to fund projects identified for the Royalties for Regions programme.
- (k) Waste Management Reserve
 - To be used to fund the future waste management facility needs of the Shire.
- (l) Centenary Celebrations Reserve
 - To be used to fund community groups and Council events to commemorate the Centenary and other historic activities as determined by the Shire of Wongan-Ballidu.
- (m) Industrial & LIA Park Reserve
 - To be used to fund the development and operating costs of Wongan Hills Industrial and LIA Park. To be used as the facility to record all of the project costs and revenues with the balance after completion of the project to be transferred to the Municipal Fund.
- (n) Housing JV Stickland Street Reserve
 - To be used to fund the capital and operating costs of the Housing joint venture in Stickland Street.
- (o) Housing JV Quinlan Street Reserve
 - To be used to fund the capital and operating costs of the Housing joint venture in Quinlan Street.
- (p) Housing JV Patterson Street Reserve
 - To be used to fund the capital and operating costs of the Housing joint venture in Patterson Street.

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

12. REVALUATION SURPLUS	2014	2013
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening Balance	1,712,066	1,712,066
Revaluation Increment	717,465	0
Revaluation Decrement	0	0
	<u>2,429,531</u>	<u>1,712,066</u>
(b) Buildings		
Opening Balance	8,011,603	8,011,603
Revaluation Increment	2,767,726	0
Revaluation Decrement	0	0
	<u>10,779,329</u>	<u>8,011,603</u>
(c) Plant and Equipment		
Opening Balance	1,095,954	0
Revaluation Increment	0	1,095,954
Revaluation Decrement	0	0
	<u>1,095,954</u>	<u>1,095,954</u>
(d) Furniture and Equipment		
Opening Balance	15,450	0
Revaluation Increment	0	15,450
Revaluation Decrement	0	0
	<u>15,450</u>	<u>15,450</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>14,320,264</u></u>	<u><u>10,835,073</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>1,639,564</u>	<u>1,263,013</u>	<u>2,576,332</u>

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

Net Result	(820,351)	(561,039)	1,846,329
Decrease in Fair Value of Motor Vehicles	0	0	96,264
Initial Recognition of Assets due to Changes in Regulations	0	0	(330,449)
Impairment of Infrastructure	716	0	(417)
Depreciation	2,332,895	2,405,197	2,346,685
(Profit)/Loss on Sale of Asset	775,890	118,000	25,113
(Increase)/Decrease in Receivables	(1,063,236)	84,722	(358,315)
(Increase)/Decrease in Inventories	26,755	(163)	87,989
Increase/(Decrease) in Payables	508,793	160,262	(67,485)
Increase/(Decrease) in Employee Provisions	33,689	0	58,360
Grants Contributions for the Development of Assets	<u>(817,299)</u>	<u>(1,383,955)</u>	<u>(2,137,765)</u>
Net Cash from Operating Activities	<u>977,852</u>	<u>823,024</u>	<u>1,566,309</u>

* These assets were written off under normal conditions of disposal. During the 2013/14 fair valuations it was discovered that these assets were included within the asset register when they should not have been as these assets were not property of the Shire. These assets were removed from the asset register during the 2013/14 financial year.

	2014 \$	2013 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	100,000	100,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	7,500	7,500
Credit Card Balance at Balance Date	<u>(396)</u>	<u>(1,275)</u>
Total Amount of Credit Unused	<u>107,104</u>	<u>106,225</u>
Loan Facilities		
Loan Facilities - Current	1,022,385	87,126
Loan Facilities - Non-Current	846,374	1,868,760
Total Facilities in Use at Balance Date	<u>1,868,759</u>	<u>1,955,886</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

SHIRE OF WONGAN-BALLIDU
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FOR THE YEAR ENDED 30TH JUNE 2014

14. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2014.

15. CAPITAL AND LEASING COMMITMENTS

There were no outstanding capital or leasing commitments as at 30 June 2014.

16. JOINT VENTURE ARRANGEMENTS

The Shire of Wongan-Ballidu together with Homeswest have a joint venture arrangement with regard to the ownership of four housing units in Quinlan Street, three housing units in Stickland Street and two housing units in Patterson Street in Wongan Hills.

			2014 \$	2013 \$
	%	Valuation	Shire Share	Shire Share
Stickland Street	11	258,000	148,080	103,928
Quinlan Street	9	820,000	28,948	67,160
Patterson Street	12	290,000	70,000	78,150
			<u>247,028</u>	<u>249,238</u>
			2014	2013
			\$	\$
Non-Current Assets				
Land (at cost)			0	57,637
Independent Valuation 2007			0	82,363
Independent Valuation 2014			120,000	0
Less: Accumulated Depreciation			<u>0</u>	<u>0</u>
			<u>120,000</u>	<u>140,000</u>
Buildings (Shire Equity Share - at cost)			0	129,845
Independent Valuation 2014			127,028	0
Less: Accumulated Depreciation			<u>0</u>	<u>(20,607)</u>
			<u>127,028</u>	<u>109,238</u>
Land and Buildings Total			<u>247,028</u>	<u>249,238</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014 \$	2013 \$
Governance	1,500,683	1,088,822
Law, Order, Public Safety	103,659	61,972
Health	442,336	408,751
Education and Welfare	1,273,971	798,277
Housing	1,939,848	1,485,100
Community Amenities	507,051	387,818
Recreation and Culture	11,950,469	13,913,424
Transport	42,491,962	42,336,266
Economic Services	410,154	326,398
Other Property and Services	7,482,218	2,397,720
Unallocated	<u>4,083,108</u>	<u>5,860,715</u>
	<u>72,185,459</u>	<u>69,065,263</u>

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

18. FINANCIAL RATIOS	2014	2013	2012
Current Ratio	1.062	2.657	0.755
Asset Sustainability Ratio	0.875	0.965	1.066
Debt Service Cover Ratio	4.436	12.165	10.014
Operating Surplus Ratio	(0.377)	(0.074)	(0.137)
Own Source Revenue Coverage Ratio	0.586	0.597	0.594

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 62 of this document.

Two of the 2013 ratios disclosed above were distorted by items of revenue totalling \$330,449 relating to the initial recognition of Land and improvements under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(f), 1(h) and 2(a)(ii) for further details) and an item of expense in relation to the fair value decrement of motor vehicles of \$96,264 (refer Note 6 for further details).

These items form part of operating revenue and operating expenses and have been included in the calculations above.

These items of revenue and expenses were considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	10.840
Operating Surplus Ratio	(0.134)

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

18. FINANCIAL RATIOS (Continued)

Three of the 2014 ratios disclosed above were distorted by items of significant expense totalling \$629,069 relating to asset write-offs during the year.

These items form part of operating expenditure and have been included in the calculations above.

These items of significant revenue are considered to be "one-off" and are non-cash in nature and, if they were ignored, the calculations disclosed in the 2014 column above would be as follows:

	2014
Debt Service Cover Ratio	7.991
Operating Surplus Ratio	(0.234)
Own Source Revenue Coverage Ratio	0.641

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

19. TRUST FUNDS

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

	Balance 1 July 2013	Amounts Received	Amounts Paid	Balance 30 June 2014
	\$	\$	(\$)	\$
Lake Ninan/Hinds Fire Brigade	359	0	0	359
Shire of Wongan-Ballidu Rates Sponsorship	0	500	(500)	0
Councillor Nominations - Elections	0	480	(480)	0
Mocardy Bushfire Brigade	6,703	0	0	6,703
Bushfire Donations (Glenvar)	250	0	0	250
Bank Fees	0	170	(170)	0
Housing Tenancy Bonds	3,176	2,616	(2,056)	3,736
Transport Payments	6,375	988,156	(969,290)	25,241
	<u>16,863</u>			<u>36,289</u>

20. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Governance						
Holden Caprice (MV0072)	45,614	46,000	32,022	38,000	(13,592)	(8,000)
Capitalisation Threshold Disposals (various)*	37,257	0	0	0	(37,257)	0
Law, Order, Public Safety						
Toyota Hilux (MV0057)	14,848	15,000	11,091	12,500	(3,757)	(2,500)
Capitalisation Threshold Disposals (various)*	2,740	0	0	0	(2,740)	0
Health						
Ford Falcon (VDOC1)	31,574	32,000	21,682	20,000	(9,892)	(12,000)
Capitalisation Threshold Disposals (various)*	52,124	0	0	0	(52,124)	0
Education and Welfare						
Capitalisation Threshold Disposals (various)*	4,012	0	0	0	(4,012)	0
Recreation and Culture						
Vertimower	3,582	0	3,582	0	0	0
Lawn Broom	618	0	618	0	0	0
Museum (Lot 79 Camm Street)**	100,000	0	0	0	(100,000)	0
Mobile Fujitsu Refrigerator	1,590	0	0	0	(1,590)	0
Apex Shed - Wongan Hills	10,840	0	0	0	(10,840)	0
Cadoux Changeroom and Toilets	688	0	0	0	(688)	0
Capitalisation Threshold Disposals (various)*	181,498	0	0	0	(181,498)	0
Transport						
Grader Utility	14,700	20,000	6,682	12,500	(8,018)	(7,500)
Volvo Grader	145,956	150,000	64,000	90,000	(81,956)	(60,000)
Capitalisation Threshold Disposals (various)*	141,047	0	0	0	(141,047)	0
Economic Services						
Ford Falcon (MV0068)	22,387	22,500	14,286	20,000	(8,101)	(2,500)
Community Bus	26,114	45,000	17,727	19,500	(8,387)	(25,500)
Caravan Park Ablution - Ballidu**	85,453	0	0	0	(85,453)	0
Other Property and Services						
Capitalisation Threshold Disposals (various)*	24,938	0	0	0	(24,938)	0
	947,580	330,500	171,690	212,500	(775,890)	(118,000)
					Profit	0
					Loss	(118,000)
					<u>(775,890)</u>	<u>(118,000)</u>

* During the 2013/14 financial year the capitalisation threshold was increased to \$5,000 resulting in a number of assets below being written-off.

** During the 2013/14 financial year fair valuations, it was discovered these assets were included within the asset register when they should not have been as these assets were not property of the Shire. These assets were removed from the asset register during the 2013/14 financial year.

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Education and Welfare								
Loan 147 - Construct Aged Persons Complex	74,413	0	5,769	5,769	68,644	68,644	5,036	5,104
Housing								
Loan 140 - Country Housing Development Group	429,996	0	0	0	429,996	429,996	23,114	23,177
Loan 142 - Community Association	231,511	0	27,385	27,385	204,126	204,127	13,794	14,037
Loan 150 - Wongan Hills Sports Council	38,208	0	12,252	12,252	25,956	25,956	1,680	1,522
Other Property and Services								
Loan 143 - Land Purchase and Development	99,333	0	31,064	31,064	68,269	68,268	5,826	5,686
Loan 145B - Land Development	500,000	0	0	0	500,000	500,000	16,964	16,151
Loan 145C - Land Development	500,000	0	0	0	500,000	500,000	18,514	17,600
Loan 149 - Land Purchase and Development	82,425	0	10,656	10,656	71,769	71,769	4,926	4,883
	1,955,886	0	87,126	87,126	1,868,760	1,868,760	89,854	88,160

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

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

The Shire did not take up any new debentures during the year ended 30 June 2014.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2014.

(d) Overdraft

Council maintains an overdraft facility of \$100,000 with the ANZ Bank to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2013 and 30 June 2014 was \$nil.

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

22. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates		Rate in Cents	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 \$
General Rate												
General Rates GRV - Wongan Hills		9,1875	509	4,781,717	467,664	731	0	468,395	459,619	5,643	0	465,262
General Rates GRV - Ballidu & Cadoux		9,1875	89	337,844	32,355	234	0	32,589	32,355	0	0	32,355
Unimproved Value Valuations												
General Rates UV - Rural		1.0526	285	152,719,000	1,943,181	0	0	1,943,181	1,944,122	0	0	1,944,122
General Rates UV - Mining		1.0526	17	71,609	334	0	0	334	334	(300)	0	34
Sub-Totals			900	157,910,170	2,443,534	965	0	2,444,499	2,436,430	5,343	0	2,441,773
Minimum Payment		Minimum \$										
General Rates GRV - Wongan Hills		573	69	192,843	37,674	0	0	37,674	37,674	0	0	37,674
General Rates GRV - Ballidu & Cadoux		276	25	12,252	6,563	0	0	6,563	6,563	0	0	6,563
Unimproved Value Valuations												
General Rates UV - Rural		276	9	24,300	2,363	(900)	0	1,463	2,363	0	0	2,363
General Rates UV - Mining		276	15	61,079	4,988	0	0	4,988	4,988	0	0	4,988
Sub-Totals			118	290,474	51,588	(900)	0	50,688	51,588	0	0	51,588
Ex-Gratia Rates								2,495,187				2,493,361
Discounts (refer note 25.)								12,059				11,482
Total Amount Raised From General Rate								(25,063)				(25,000)
												2,479,843

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

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

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

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>651,340</u>	<u>1,058,418</u>	<u>988,039</u>
Comprises:			
Cash and Cash Equivalents			
Unrestricted	130,597	888,837	888,837
Restricted	1,508,967	1,687,495	1,687,495
Receivables			
Rates Outstanding	94,064	75,345	75,345
Sundry Debtors	1,483,727	401,778	401,778
GST Receivable	0	24,995	24,995
Loans - Clubs/Institutions	56,062	56,062	56,062
Other Debtors	18,720	35,339	35,339
Inventories			
Fuel and Materials	17,818	20,237	20,237
Less:			
Trade and other Payables			
Sundry Creditors	(693,028)	(221,322)	(221,322)
Accrued Interest on Debentures	(26,108)	(44,079)	(44,079)
Accrued Salaries and Wages	(28,430)	(19,650)	(19,650)
GST Payable	(34,864)	0	0
FBT Payable	(7,568)	(7,923)	(7,923)
PAYG Payable	(38,580)	(26,811)	(26,811)
Current Portion of Long Term Borrowings			
Debentures - Shire Purposes	(31,064)	(31,064)	(31,064)
Debentures - Self Supporting Loans	(56,062)	(56,062)	(56,062)
Provisions			
Provision for Annual Leave	(152,468)	(184,640)	(184,640)
Provision for RDO's	(12,180)	(13,446)	(13,446)
Other	(170,969)	(85,304)	(85,304)
Net Current Assets	<u>2,058,634</u>	<u>2,499,787</u>	<u>2,499,787</u>
Less:			
Reserves - Restricted Cash	(1,511,012)	(1,542,812)	(1,542,812)
Land Held for Resale - Cost			
Cost of Acquisition	0	0	0
Development Costs	0	0	0
Loans - Clubs/Institutions	(56,062)	(56,062)	(56,062)
Add:			
Debentures - Shire Purposes	31,064	31,064	31,064
Debentures - Self Supporting Loans	56,062	56,062	56,062
Leave Reserve	72,654	70,379 *	0
Surplus/(Deficit)	<u>651,340</u>	<u>1,058,418</u>	<u>988,039</u>

Difference

* There is a \$70,379 difference between Surplus 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus Carried Forward position as disclosed in the 2013 audited financial report. This is due to a change in the methodology for the calculation of surplus position.

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

23. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Radio / TV Transmission	50	28,400	24,650	28,400	24,650
		28,400	24,650	28,400	24,650

The service charge is for the provision of television re-broadcasting. The charge is applicable to all owners and occupiers within a designated area surrounding the townsite.

The proceeds of the service charge are applied in full to the costs of maintenance and operation.

No transfer to or from reserve accounts has occurred.

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

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	2.00	24,621	24,500
Minimum Rate	Discount	2.00	442	500
			25,063	25,000

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

26. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00	N/A	14,132	10,500
Interest on Deferred Rates	3.30	N/A	409	500
Interest on Instalments Plan	5.50	N/A	7,705	7,000
Charges on Instalment Plan	N/A	10	4,770	5,200
			27,016	23,200

Ratepayers had the option of paying rates in four equal instalments, due on 2 September 2013, 1 November 2013, 31 December 2013 and 3 March 2014. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2014 \$	2013 \$
Governance	3,923	5,190
General Purpose Funding	8,726	6,966
Law, Order, Public Safety	5,447	4,620
Health	175,367	248,277
Education and Welfare	229	348
Housing	61,012	63,550
Community Amenities	179,012	156,101
Recreation and Culture	40,712	67,184
Transport	37,091	33,088
Economic Services	17,870	15,312
Other Property and Services	1,120,557	127,713
	<u>1,649,946</u>	<u>728,349</u>

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

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

28. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,239,822	2,468,970
Non-Operating Grants, Subsidies and Contributions	817,299	2,137,765
	<u>2,057,121</u>	<u>4,606,735</u>
By Program:		
Governance	0	25,000
General Purpose Funding	931,503	2,112,552
Law, Order, Public Safety	31,800	24,393
Community Amenities	274	3,283
Recreation and Culture	29,094	1,290,110
Transport	930,054	1,043,337
Other Property and Services	134,396	108,060
	<u>2,057,121</u>	<u>4,606,735</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>33</u>	<u>37</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	10,311	13,200	8,130
President's Allowance	1,406	3,720	3,720
Deputy President's Allowance	233	0	0
Travelling Expenses	7,406	6,000	5,590
Telecommunications Allowance	11,854	9,000	8,500
	<u>31,210</u>	<u>31,920</u>	<u>25,940</u>

31. MAJOR LAND TRANSACTIONS

No major land transactions have occurred during 2013/14 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	1,639,564	2,576,332	1,639,564	2,576,332
Receivables	2,427,393	1,409,740	2,427,393	1,409,740
	<u>4,066,957</u>	<u>3,986,072</u>	<u>4,066,957</u>	<u>3,986,072</u>
Financial Liabilities				
Payables	828,578	319,785	828,578	319,785
Borrowings	1,868,759	1,955,885	1,719,299	1,742,409
	<u>2,697,337</u>	<u>2,275,670</u>	<u>2,547,877</u>	<u>2,062,194</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 WONGAN-BALLIDU
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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.

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

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

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

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	16,396	30,312
- Statement of Comprehensive Income	16,396	30,312

Notes:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2014	2013
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	98%	78%
- Overdue	2%	22%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
 Borrowings

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

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

	<u>2014</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	828,578	0	0	0	828,578	828,578
Borrowings	1,095,911	862,982	86,768	86,768	2,045,661	1,868,759
	<u>1,924,489</u>	<u>862,982</u>	<u>86,768</u>	<u>86,768</u>	<u>2,874,239</u>	<u>2,697,337</u>
Payables	319,785	0	0	0	319,785	319,785
Borrowings	1,208,490	1,862,736	154,242	154,242	3,225,468	1,955,836
	<u>1,528,275</u>	<u>1,862,736</u>	<u>154,242</u>	<u>154,242</u>	<u>3,545,253</u>	<u>2,275,621</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate Debentures	929,996	94,224	0	500,000	0	344,540	1,868,760	4.47%
Weighted Average Effective Interest Rate	4.17%	5.64%	-	3.42%	-	6.45%		
Year Ended 30 June 2013								
Borrowings								
Fixed Rate Debentures	0	929,966	137,540	0	500,000	388,300	1,955,806	4.50%
Weighted Average Effective Interest Rate	-	4.17%	5.63%	-	3.42%	6.29%		

15 December 2014

Mr S Taylor
Chief Executive Officer
Shire of Wongan-Ballidu
PO Box 84
WONGAN HILLS WA 6603



Dear Stuart

**AUDIT OF SHIRE OF WONGAN-BALLIDU
FOR THE YEAR ENDED 30TH JUNE 2014**

We advise that we have completed the audit of your Shire for the year ended 30th June 2014 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Wen-Shien Chai', with a long horizontal stroke extending to the right.

**WEN-SHIEN CHAI
PARTNER**

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF WONGAN-BALLIDU**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Wongan-Ballidu, which comprises the statement of financial position as at 30 June 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view 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 Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

AUDITOR'S OPINION

In our opinion, the financial report of the Shire of Wongan-Ballidu is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the Shire's financial position as at 30 June 2014 and of its financial performance and its cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF WONGAN-BALLIDU (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 62 of this report, we have reviewed the calculation for the Asset Consumption Ratio as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information

The Asset Renewal Funding Ratio was not calculated and hence no review was carried out.

- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Date: 15 December 2014
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

**SHIRE OF WONGAN-BALLIDU
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

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

	2014	2013	2012
Asset Consumption Ratio	0.621	0.604	N/A
Asset Renewal Funding Ratio (Note 1)	Unknown	Unknown	N/A

The above ratios are calculated as follows:

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

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

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

Note 1 - The Shire has not yet adopted its Asset Management Plan at 30 June 2014 so this ratio has not been calculated.