



SHIRE OF WANDERING ANNUAL REPORT

2012/13 FINANCIAL YEAR

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VISION STATEMENT

Council’s vision for the Shire of Wandering is *to sustain, improve and develop the Wandering region through the provision and facilitation of infrastructure, services and opportunities for businesses and quality of life for residents.*



Our Shire

LOCATION

Wandering is located 120km to the south east of Perth off Albany Hwy on the edge of the Darling Escarpment. The Shire of Wandering has an area of 1,955km² of which some 900km² is State Forest. The population of the district, according to the ABS census in 2011, was 438 persons.

The district borders the local governments of Armadale, Serpentine-Jarrahdale, Murray, Boddington, Williams, Cuballing, Pingelly, Brookton and Beverley. The town of Wandering is located at latitude 32°40'35" south, longitude 116°40'07" east at an elevation of 280 metres, and enjoys an average rainfall of approximately 600mm per annum.

HISTORY

Wandering is recorded as being first settled in 1861 when applications were made for the first freehold lots by George and John Watts whose *wandering* horses found what is now Grassdale farm. The local authority (Wandering Roads District) was created on 10th October, 1874. The districts name was changed to the Shire of Wandering on 23rd June, 1961.

LOCAL INDUSTRIES AND SERVICES

Major agricultural activities include cereal crops (oats, wheat, barley) pulse crops (lupins, chickpeas, faba beans) oil seed (canola), sheep (wool & meat), cattle (meat), pigs, vineyards, olive groves and other limited commercial services.

Education services provided include a local primary school with daily return bus services to Boddington for district high school education.

Major sporting and recreational facilities include the town oval, tennis / basketball / netball courts, badminton courts and a golf course.

LOCALITIES

Bannister, Blackboy Springs, Codjatotine, Dwarda, Hastings, North Bannister, Pumphreys Bridge, Wandering and Wandering Downs.

OUR SHIRE

SIGNIFICANT LOCAL EVENTS

- Wheatbelt Wine Awards
- Millfarm Scramble
- Wandering Fair
- Clydesdale Ploughing

TOURIST ATTRACTIONS

- Wineries
- Hotham River
- Dryandra Forest
- State Forest
- Bibbulman Track & Munda Biddi Trail
- Mount Cooke Trail



Canoeing on Hotham River



Clydesdale Ploughing

OUR COUNCIL

Our Council



Rear Cr J Price, Cr B Whitely, Cr J McNeil, Cr W Gowland and Cr C Ferguson
Front: CEO M Whitely, Shire President Cr G Kerr and Deputy Shire President Cr B Dowsett

Cr GG (Graeme) Kerr,

Shire President

First elected May 1993, Retiring 2015

Telephone: 9887 6018

Facsimile: 9887 6014

Email: gjkerr@westnet.com.au

Cr BE (Bruce) Dowsett,

Deputy President

First elected May 1995, Retiring 2017

Telephone: 9884 1031

Email: norrine@bluemaxx.com.au

OUR COUNCIL

Cr JR (Jim) McNeil

First elected May 2001, Retiring 2017

Telephone: 9887 6010

Facsimile: 9887 6050

Cr W (Wade) Gowland

First elected October 2013, Retiring 2017

Telephone: 9884 1005

Email: countrysparkyservices@bigpond.com

Cr B (Brendan) Whitely

First elected October 2013, Retiring 2017

Telephone: 9884 1027

Email: thefirebreakman@bigpond.com

Cr C (Chad) Ferguson

First elected October 2011, Retiring 2015

Telephone: 9884 1041

Facsimile: 9884 1551

Cr J (Judith) Price,

First elected October 2011, Retiring 2015

Telephone: 9887 7097

Email: jp@wn.com.au

COMMITTEES AND DELEGATES

Dryandra Voluntary Regional Organisation of Councils (DVROC)

Delegate: Cr Kerr Proxy: Cr Dowsett

Hotham Sub Group, Regional Road Group

Delegate: Cr Kerr Proxy: Cr Dowsett

Hotham-Williams Economic Development Alliance

Delegate: Cr Whitely Proxy: Cr Price

OUR COUNCIL

Pingelly Wandering Local Emergency Plan Committee

Delegate: Chief Fire Control Officer Peter Monk Proxy: Cr Kerr

Local Emergency Plan Committee

Delegate: Chief Fire Control Officer Peter Monk Proxy: Cr Kerr

Wandering Primary School Community Liaison Committee

Delegate: Cr Ferguson Proxy: Cr Gowland

BHP Worsley Alumina Mine Community Liaison Committee

Delegate: Cr Dowsett Proxy: Cr McNeil

Wagin Regional Waste Group

Delegate: Cr Price Proxy: Cr Whitely

JUSTICES OF THE PEACE

The following people have been appointed as Justices of the Peace:

Mr Ian Turton Telephone: 9887 6032

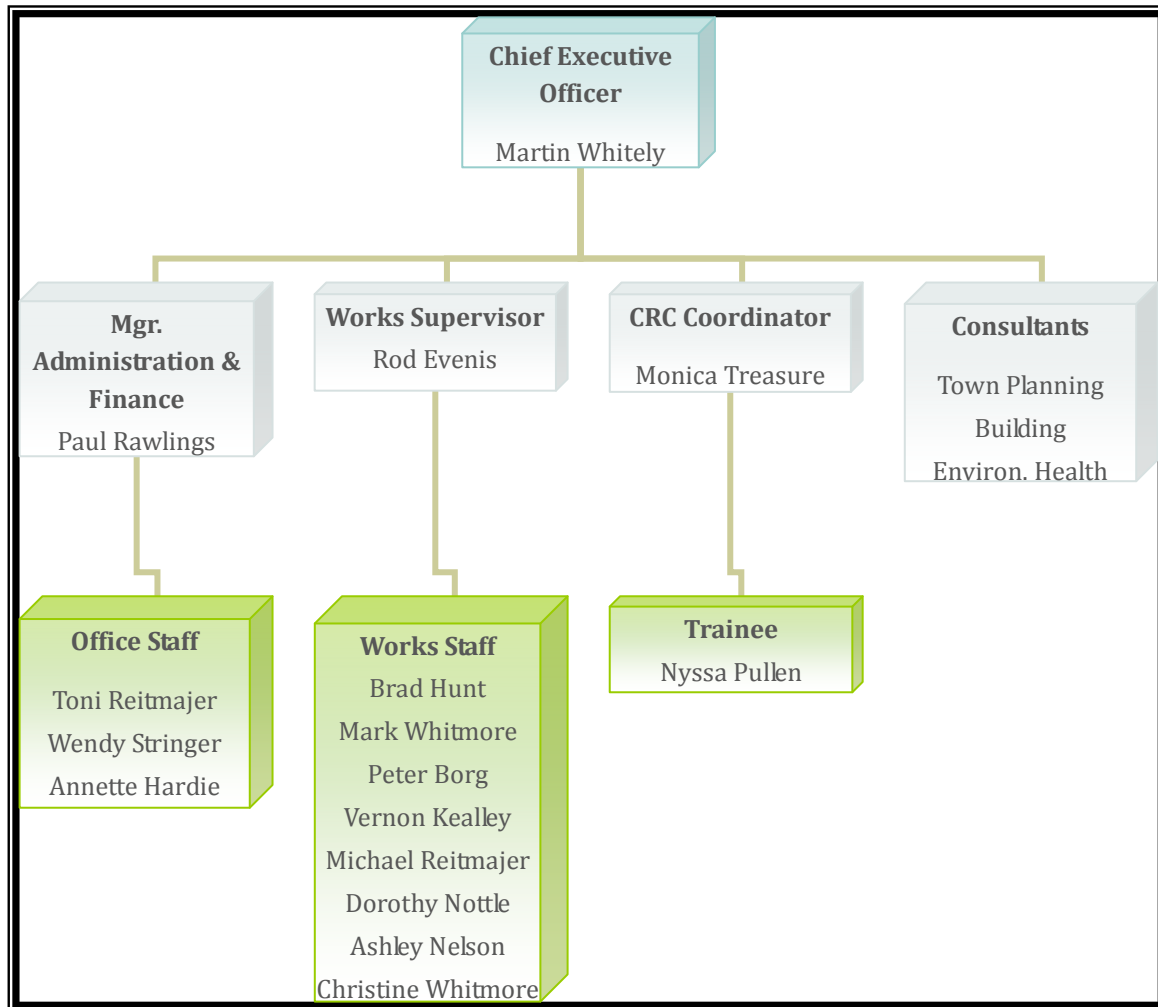
Ms Lee-Ann Muller Telephone: 9884 1045

Mr R J (Bob) Treasure Telephone: 9884 1010

OUR STAFF

Our Staff

ORGANISATIONAL STRUCTURE & STAFF



ANNUAL SALARIES

There is only one employee entitled to an annual salary of \$100,000 or more, as shown below:

\$100,000 - \$109,999	0
\$110,000 - \$119,999	0
\$120,000 - \$129,999	0
\$130,000 - \$139,999	1

SHIRE PRESIDENT'S REPORT

Shire President's Report

It is with great pleasure that I present my report on the activities of the Shire of Wandering for the 2012/13 financial year.

ROADWORKS

Council continued its commitment to the ongoing upgrade of the road network with the completion of major works on the Crossman-Dwarda Road and preparation for the sealing of Reid Road during the financial year. A long term plan for road construction and maintenance is in place to ensure the district road network is adequately maintained with particular emphasis in the coming years being on the Crossman-Dwarda Road, North Bannister-Wandering Road, York-Williams Road, Fourteen Mile Brook Road and other gravel sheeting along unsealed roads as required.

The Shire of Wandering continued repair work to its road network following four declared natural disasters under the Western Australia Natural Disaster Relief and Recovery Arrangements (WANDRRA) in 2011 and 2012.

Council anticipates that works will be completed during the 2013/14 financial year.

OFFICE RENOVATIONS AND EXTENSIONS

Council undertook major renovations and extensions to the administration office and Council Chambers in 2012/13.

These works, combined with a new computer system, will greatly enhance the delivery of local government services for many years to come.

The final works – including a patio and sealing of the car park will be completed in 2013/14.

VOLUNTEER BUSH FIRE BRIGADES

Thanks once again are expressed to all the members of the volunteer bush fire brigades and in particular to the Fire Control Officers.

SHIRE PRESIDENT'S REPORT

VOLUNTEERS

The efforts of all volunteers are to be applauded by all members of the community. The events showcased with the Shire are testament of the hard work put in by a range of community members.

COMMUNITY RESOURCE CENTRE

After the winding up of the previously independently run Community Resource Centre at the end of 2011, the Shire Council assumed control of the Wandering Community Resource Centre in 2012/13.

The centre has quickly re-established itself as a provider of important community services under the guidance of coordinator Monica Treasure.

LAND DEVELOPMENT

Council continues to explore options for further residential, commercial, industrial and rural residential land that is suitable for development. Council is currently in the planning stages aimed at creating additional industrial and residential land holdings within the Shire.

INTEGRATED PLANNING

Council completed extensive strategic, long-term financial, asset management and workforce planning during the year.

Integrated planning and reporting gives Council a framework for establishing local priorities and links this information to its operational functions.

COUNCILLORS AND STAFF

I would like to extend my thanks to my fellow Councillors and all staff for their support and efforts over the past twelve months.

Cr GG Kerr
SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT

Chief Executive Officer's Report

I am pleased to present my report for the 2012/13 financial year.

The report has been structured according to the objectives of our Strategic Community Plan, which was formally adopted by Council in 2013 and is the product of extensive community input. This plan links the community's aspirations with Council's vision and long-term strategy. It is part of a new Integrated Planning and Reporting Framework which includes a Long Term Financial Plan, Forward Capital Works Program, Asset Management Plans and a Workforce Plan. Significant progress was made during the year bringing these plans together to give Council clear, achievable goals in all aspects of its work.

Many of the projects included in the above plans were to be funded through the Country Local Government Fund and the Regional Development Australia Fund. The recent advice that both funding sources are to be discontinued will result in some projects being either delayed or postponed.

Additionally the State Government recently announced major funding cuts to the Regional Road Grants program though confirmation of such changes may depend upon industry-wide advocacy. It is unknown at this stage how such cuts will affect the Shire of Wandering.

Despite the above challenges, Council maintains a strong asset base and stable workforce and is well positioned to meet the challenges of maintaining services and managing assets pending identification of alternative avenues of funding.

Local government reform may be expected to reach rural and regional areas after the current metropolitan process is completed next year and while Council remains opposed to forced restructuring it continues to explore opportunities to reduce costs through resource sharing with neighbouring local governments.

I would like acknowledge my appreciation to the President, Deputy President and Councillors for their support in the past 12 months and I look forward to continuing a successful working relationship with Council in future years.

Martin Whitely
Chief Executive Officer

STRATEGIC FOCUS ONE – COMMUNITY

Strategic Focus One – Community

A community that is involved and caring

The successful re-launching of the Wandering Community Resource Centre under the direct control of the Chief Executive Officer has provided a strong base for the delivery of services and programs to persons of all ages.

Highlights of the new centre's services during 2012/13 is as follows:

- The Wandering Community Resource Centre (WCRC) has been refurbished and the library included.
- Better Beginnings has commenced and ran during the term 1 and term 2. This includes rhyme time and a craft activity.
- Scrapbooking Classes have been run by a volunteer, Leanne Rose.
- WCRC has been utilised as a meeting room, after hours for community groups.
- The WCRC ran the Beyond Garden program, and a grant was received for the morning tea.
- WCRC was successful in attaining a Grass Roots Grants from RAC and ran a Driver Enhancement course for community members.
- WCRC was successful in attaining a Department of Transport grant to host a Bike Week event, "Wandering Treasure Hunt". A successful event with a picture of Wandering children and local mechanic an article in the West Australian. The WCRC utilised local mechanic, Joe Townsend, Road Safety Office and Wandering Primary School in collaborating the event.
- WCRC has been continually upgraded and events advertised
- WCRC publishes the Wandering Echo which is running at a healthy profit; the distribution has increased over this time.
- WCRC accompanied the Wandering seniors to the Modern Masters Exhibition at the State Art Gallery.
- WCRC has instigated a community noticeboard within the CRC
- WCRC has assisted the Wandering CWA with Anzac Day ceremonies by the use of the WCRC facilities
- WCRC has appointed a trainee four days a week and in collaboration of the Shire of Wandering one day a week.
- WCRC hosted 'Feet with Flair'.

STRATEGIC FOCUS ONE – COMMUNITY

- The Coordinator and CEO attended the CRC Network State Conference
- WCRC has held school holiday activities during the October and April school holidays
- WCRC hosted a “Men’s Health Week’ which was supported by the Boddington Medical Clinic, Early Street Physiotherapy / Podiatry in Narrogin, Cancer Council and local butcher Kim Batt.
- WCRC hosted the Small Business Centre from Narrogin for a planning workshop for local businesses in helping them complete their application for the Small Business Awards; one local home based business that attended was a winner at the awards.
- The coordinator volunteered on the CRC Network stall at the Camping and Caravan show held at the Claremont Showgrounds
- The WCRC has sponsored local groups with in house services, eg Wandering Annual Fair, Wandering CBH Action Group, Wandering CWA, Wandering P & C
- The WCRC has produced, raised sponsorship and distributed a new community phone directory, with over 300 directories have been posted and delivered to community members.
- The WCRC hosted a Rural, Regional, Remote Women’s Network Satellite Sundowner; the evening was sponsored by Bayer Crop Science, Bayer Pharmaceuticals, Coles Narrogin, Woolworths Armadale, Amcal Chemist Narrogin and the Crossman Cookie Company.
- The WCRC was successful in a grant from the FRRR to open a toy library at the WCRC.
- The WCRC Coordinator was selected (1 of 16 coordinators out of 100 CRC across the state) to attend a Leadership Course, “Above and Beyond. The 16 coordinators selected were the top performing coordinators across the network.

Other community programs during 2012/13 included:

- Senior’s seminar in conjunction with Senior’s Council;
- Senior’s Week with visits to WA Art Gallery, WA Library (genealogy) and a walk;
- *Stay on your feet* grandparent day at Wandering Primary School;
- *Million Paw’s Walk* in conjunction with the RSPCA.

Strategic Focus Two – Economy

A robust and diverse rural economy

In 2013 the communities of Boddington, Wandering and Williams, came together under the guidance of the Hotham Williams Economic Development Alliance to form a new geographical identity to encompass the regional districts - named Marradong Country.

Marradong Country has as its vision:

“To create and promote truly sustainable economic development within the “Marradong Country” region where our communities, local business and enterprises coexist with our economic drivers being: farming, mining and tourism. Thus our activities are focussed towards developing sustainable, innovative and strategic alliances with the:

- **Farming segment towards enhancing investment, processing and value add**
- **Mining segment by providing effective, efficient and competitive support services**
- **Tourism segment through augmenting a cluster of retail and tourism oriented business”¹**

The Shire of Wandering has two representatives on the Marradong Country board.

To assist the growth of commerce and industry in the district Council continues to acquire and develop land for sale at as lower cost as possible.

The acquisition of land on Schorer Road to expand the light industrial area was progressed during the year as well as the creation of lots on Watts Street to facilitate commercial development.

In addition, the construction and commencement of a 24-hour retail fuel outlet in Wandering has greatly aided the agricultural, commercial and tourist sectors and is proving very popular.

¹ Marradong Country website at www.marradongcountry.org.au

STRATEGIC FOCUS THREE – ENVIRONMENT

Strategic Focus Three – Environment

Development that is in keeping with the rural landscape

Planning for development in the district is aimed promoting diversity in residential and commercial developments while continuing to support agricultural land for food production.

A number of vacant residential lots are for sale many in special rural zones that enable residents to maintain horses etc.

During 2012/13 Council secured funding to construct a waste transfer facility at the Wandering refuse site. This facility is expected to be completed by 30 June 2014.

In addition funding was sought to progress planning for a regional waste facility slated for land in the Shire of Cuballing. Due to the withdrawal of funding through the *Country Local Government Fund* by the State Government this project is now in doubt.

Council continues to provide a number of rural services including feral pig eradication, removal of noxious weeds, used chemical container musters, septic tank inspections and removal of abandoned vehicles.

In addition, Council provides a townsite waste and recycling collection service weekly and fortnightly respectively and a bulk recycling service offered on an ongoing basis.



Proposed waste transfer facility



Waste receptacle to transfer waste

STRATEGIC FOCUS FOUR – INFRASTRUCTURE & SERVICES

Strategic Focus Four – Infrastructure & Services

Infrastructure and services that is well-planned and delivered

During 2012/13 Council undertook a number of asset management plans relating to its buildings, plant, furniture, equipment and infrastructure. These plans are designed to ensure all non-current assets are maintained, upgraded, renewed and expanded in a financially sustainable way. This is achieved by linking management costs to a fully-funded ten-year financial plan that provides the basis for a four-year corporate business plan, actioned annually via the budget.

2012/13 saw significant funds allocated to widen and reseal a section of the Crossman-Dwarda Road as well as preparing Reid Road for sealing to a width of seven metres. The former project will be completed in 2014/15 and the latter by Christmas 2013.

Major renovations and extensions to the Shire Administration Centre were completed in 2012/13 at a cost of around \$600,000.

Some minor improvements were made to the Community Resource Centre building (former Agricultural Hall) along with the Community Centre.

Construction of a new staff residence in Humes Way was commenced as well as another executive residence in Dunmall Drive to be leased by the Education Department for teacher housing.



Shire President refueling vehicle at fuel facility

STRATEGIC FOCUS FIVE – GOVERNANCE

Strategic Focus Five – Governance

A strong and effective organisation

Council will review and implement a revised Disability Access and Inclusion Plan during 2014. This plan will detail barriers to access and inclusion and proposes solutions to ensure persons with a disability have equality of access to services and facilities.

The new integrated planning framework applying to all local governments in Western Australia - including a workforce plan – will ensure sufficient resources exist to implement current and future plans.

This framework reflects a nationally consistent approach to integrated planning as expressed by the Council of Australian Governments' Local Government Planning Ministers' Council and was developed in the Shire of Wandering through extensive research into current and expected changes in community demographics, social issues and local national and global impacts and with significant community input into the development of the overarching 2013 – 2023 Community Strategic Plan.



STATUTORY COMPLIANCE

Statutory Compliance

NATIONAL COMPETITION POLICY

In accordance with statutory requirements set down in the National Competition Policy legislation, outlined below is a report on the Shire of Wandering's compliance with such policy:

Competitive Neutrality

The Shire of Wandering has not acquired any new entities or privatised any activities that will generate revenues of at least \$200,000 per annum. Therefore no obligation exists for the municipality to conduct a public benefits test presently though a test will be conducted in 2013/14 with respect to the operations of the fuel facility. No complaints were received during the year in relation to anti-competitive practices.

Legislative Review

Following reviews of local laws that concluded that none restrict competition in anyway, no new local laws were adopted in 2012/13 and thus no obligation exists to conduct a further review to eliminate any anti-competitive provisions.

Structural Reform

The Shire of Wandering completed its integrated planning framework during 2012/13 as required by the regulations. There were no national competition policy impacts as a result of this new planning regime.

LOCAL GOVERNMENT ACT COMPLIANCE

General Compliance

Council undertakes a review of its overall compliance with the *Local Government Act 1995* each year as required by the Department of Local Government.

In its most recent review in January 2013, no areas of non-compliance were noted.

Official Conduct

Council has adopted a code of conduct which must be observed by Council and Committee members as well as staff.

STATUTORY COMPLIANCE

Serious breaches of the code are dealt with by the Department of Local Government but minor breaches are dealt with by the Chief Executive Officer or other designated senior employee.

No complaints (minor breaches) were received during 2012/13.

Management Systems Reviews

The appropriateness and effectiveness of financial management systems must be reviewed every four years. The last review occurred in 2011.

Local laws must be reviewed every eight years to determine if they should be amended, repealed or left unchanged. The next review is scheduled to be completed in 2014.

Recent legislative changes now requires that the appropriateness and effectiveness of local government systems in regard to risk management, internal control and legislative compliance be reviewed at least once in every two calendar years with the first review to be completed by 31 December 2014.

OTHER LEGISLATIVE COMPLIANCE

Freedom of Information

The Shire of Wandering has developed a Freedom of Information Statement in accordance with section 94 of the *Freedom of Information Act 1992*. A copy of this statement – which details the process to follow when making an application for information – may be obtained from either the Shire administration office or downloaded from the Shire website.

During 2012/13, two applications were received and processed.

Public Interest Disclosure

The *Public Interest Disclosure Act 2003* enables persons to make disclosures about wrongdoings in the public sector, including local government. The *Act* provides for protection to persons who make disclosures that may result in a proper authority exercising its existing powers to investigate and take action in relation to the subject matter of the disclosure. No investigations were undertaken in 2012/13.

STATUTORY COMPLIANCE

Record Keeping

The Shire of Wandering is committed to good record-keeping practices and complies with required legislation, including the *State Records Act 2000*. Its records-keeping system ensures all information created and received by the Shire is captured and maintained as evidence of its business transactions. The system is regularly reviewed to ensure proper standards are maintained and audits of the system, conducted on an ad hoc basis, have shown it to be fully compliant.

Disability Access and Inclusion

Council has continued to make progress in making its facilities and services more accessible and inclusive through the implementation of its Disability Access and Inclusion Plan (DAIP). A new plan for the years 2014 – 2018 has just been drafted and focuses on reflecting the aspirations of both Council and the local community. A copy of the draft plan is available from the Shire website or from the Shire Office in a variety of formats.

Financial Management

The Shire of Wandering recorded a large operating deficit of some \$520,000 in 2012/13 due mainly to significant expenditure on roads damaged by floods in 2011 and 2012. As it was not possible to finalise (and reliably measure) the recoup of expenditure under the WA Natural Disaster Relief and Recovery Arrangements as well as the Supplementary Funds assistance for local road flood damage (under the road funding agreement between the WA State Government and local governments) matching revenue was omitted, causing the deficit.

It is expected this deficit will be largely, if not completely, eliminated by the end of June, 2014.

Notwithstanding the above, Council's financial position remains strong with net asset values increasing by some 2.1 per cent since 30 June 2012 and an asset sustainability ratio of 0.93. This latter figure measures the extent to which Council expends funds renewing and replacing existing assets in any one year in comparison to the value of consumption (depreciation) of those assets.

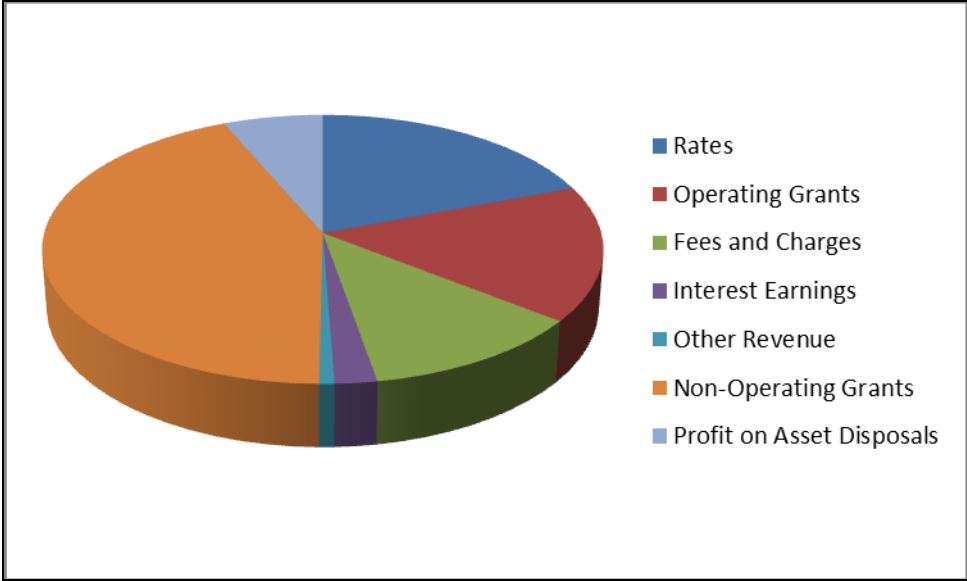
In 2012/13 some \$696,000 was spent on renewing and replacing existing assets while depreciation charges totalled \$750,000.

In addition, a further \$1,794,000 was invested in new assets such as the Wandering Fuel Facility, staff housing, information technology and the new Council Chambers.

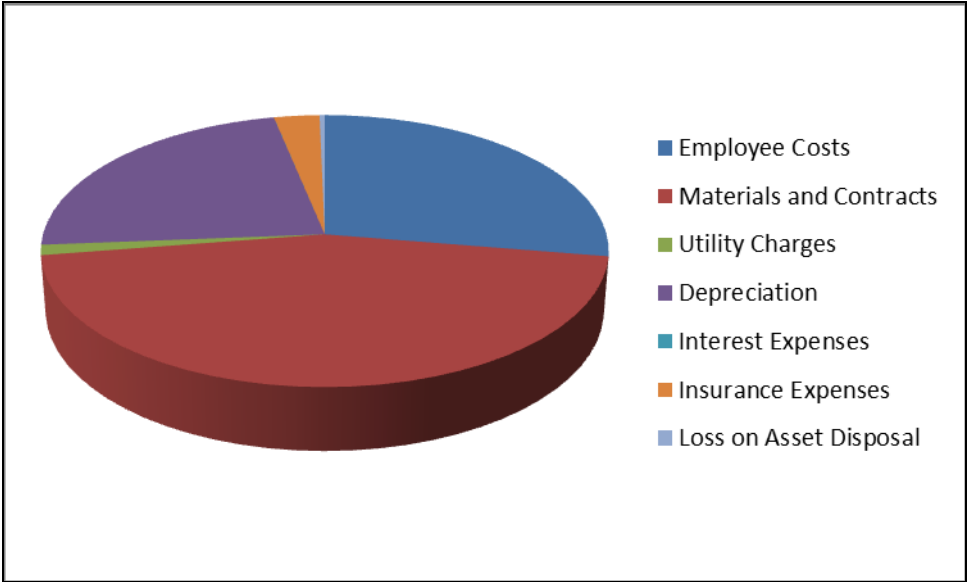
The progressive introduction of fair values from 2012/13 as mandated by Australian Accounting Standards will enhance the disclosure of the value of Council's asset base. Plant and equipment was revalued in 2012/13 with land and buildings to be reviewed in 2013/14 and infrastructure in 2014/15.

FINANCIAL MANAGEMENT

Revenue from all sources for 2012/13



Expenditure on all areas for 2012/13



FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

Financial report for the year ended 30 June 2013

SHIRE OF WANDERING

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2013

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Wandering being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Wandering at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.


Signed as authorisation of issue on the

11th

day of

December

2013



Martin Whitely
Chief Executive Officer

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	24	613,294	607,192	589,825
Operating Grants, Subsidies and Contributions	30	519,945	1,903,906	133,130
Fees and Charges	29	371,914	1,149,775	501,431
Interest Earnings	2(a)	69,056	80,669	149,512
Other Revenue		24,831	30,714	32,350
		<u>1,599,040</u>	<u>3,772,256</u>	<u>1,406,247</u>
Expenses				
Employee Costs		(900,344)	(870,248)	(692,663)
Materials and Contracts		(1,468,319)	(2,312,101)	(1,146,800)
Utility Charges		(39,660)	(57,850)	(43,246)
Depreciation on Non-Current Assets	2(a)	(750,152)	(742,808)	(730,058)
Interest Expenses		(206)	0	(53)
Insurance Expenses		(95,324)	(80,986)	(73,673)
Other Expenditure		(46)	(12,448)	(18,675)
		<u>(3,254,051)</u>	<u>(4,076,441)</u>	<u>(2,705,168)</u>
		<u>(1,655,011)</u>	<u>(304,185)</u>	<u>(1,298,921)</u>
Non-Operating Grants, Subsidies and Contributions	30	1,381,476	2,291,459	795,964
Profit on Asset Disposals	22	205,722	173,500	17,197
Loss on Asset Disposal	22	(10,792)	0	0
		<u>(78,606)</u>	<u>2,160,774</u>	<u>(485,760)</u>
Net Result				
Other Comprehensive Income				
Changes on revaluation of non-current assets	14	411,212	0	0
		<u>411,212</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>411,212</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>332,606</u></u>	<u><u>2,160,774</u></u>	<u><u>(485,760)</u></u>

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		14	10,772	8,590
General Purpose Funding		1,031,516	806,635	803,889
Law, Order, Public Safety		34,100	35,590	40,610
Health		0	0	0
Education and Welfare		0	0	0
Housing		4,124	26,300	15,486
Community Amenities		31,573	29,368	29,927
Recreation and Culture		10,456	1,200	5,589
Transport		38,402	1,685,903	418,802
Economic Services		286,975	825,800	51,170
Other Property and Services		161,880	350,688	32,185
	2(a)	<u>1,599,040</u>	<u>3,772,256</u>	<u>1,406,247</u>
Expenses				
Governance		(72,247)	(89,957)	(102,282)
General Purpose Funding		(31,690)	(414,091)	(26,301)
Law, Order, Public Safety		(55,116)	(90,083)	(62,927)
Health		(13,076)	(10,240)	(7,798)
Education and Welfare		(1,358)	(2,729)	(1,040)
Housing		(39,782)	(28,325)	(23,252)
Community Amenities		(160,922)	(167,310)	(139,481)
Recreation and Culture		(115,242)	(144,981)	(138,423)
Transport		(1,874,416)	(1,894,004)	(1,959,600)
Economic Services		(784,441)	(1,049,338)	(113,271)
Other Property and Services		(105,762)	(185,383)	(130,792)
	2(a)	<u>(3,254,052)</u>	<u>(4,076,441)</u>	<u>(2,705,169)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		859,745	1,341,180	223,486
Law, Order, Public Safety		0	0	0
Community Amenities		0	0	0
Recreation and Culture		93,287	316,825	0
Transport		428,444	568,454	552,478
Economic Services		0	65,000	20,000
		<u>1,381,476</u>	<u>2,291,459</u>	<u>795,964</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

Profit/(Loss) on Disposal of Assets

Governance	0	0	9,491
Housing	149,616	145,500	0
Transport	52,175	28,000	0
Other Property and Services	(6,861)	0	7,706
	<u>194,930</u>	<u>173,500</u>	<u>17,197</u>

Net Result

	(78,606)	2,160,774	(485,760)
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Other Comprehensive Income

Changes on revaluation of non-current assets	14	411,212	0	0
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Total Other Comprehensive Income

	411,212	0	0
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Total Comprehensive Income

	<u>332,606</u>	<u>2,160,774</u>	<u>(485,760)</u>
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This statement is to be read in conjunction with the accompanying notes.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	1,681,701	2,010,730
Trade and Other Receivables	5	212,719	87,712
Inventories	6	25,349	6,531
TOTAL CURRENT ASSETS		<u>1,919,768</u>	<u>2,104,973</u>
NON-CURRENT ASSETS			
Inventories	6	675,420	679,657
Property, Plant and Equipment	7	4,042,301	2,888,427
Infrastructure	8	11,055,738	10,746,096
TOTAL NON-CURRENT ASSETS		<u>15,773,459</u>	<u>14,314,179</u>
TOTAL ASSETS		<u>17,693,227</u>	<u>16,419,152</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	1,691,322	710,235
Provisions	12	62,498	79,902
TOTAL CURRENT LIABILITIES		<u>1,753,820</u>	<u>790,137</u>
NON-CURRENT LIABILITIES			
Provisions	12	12,297	34,507
TOTAL NON-CURRENT LIABILITIES		<u>12,297</u>	<u>34,507</u>
TOTAL LIABILITIES		<u>1,766,117</u>	<u>824,644</u>
NET ASSETS		<u>15,927,110</u>	<u>15,594,507</u>
EQUITY			
Retained Surplus		14,762,619	14,323,847
Reserves - Cash/Investments Backed	13	753,282	1,270,660
Revaluation Surplus	14	411,212	0
TOTAL EQUITY		<u>15,927,113</u>	<u>15,594,507</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		15,298,316	781,951	0	16,080,267
Comprehensive Income					
Net Result		(485,760)	0	0	(485,760)
Changes on Revaluation of Non-Current Assets	14	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		(485,760)	0	0	(485,760)
Reserve Transfers		(488,709)	488,709	0	0
Balance as at 30 June 2012		14,323,847	1,270,660	0	15,594,507
Comprehensive Income					
Net Result		(78,606)	0	0	(78,606)
Changes on Revaluation of Non-Current Assets	14	<u>0</u>	<u>0</u>	<u>411,212</u>	<u>411,212</u>
Total Other Comprehensive Income		(78,606)	0	411,212	332,606
Reserve Transfers		517,378	(517,378)	0	0
Balance as at 30 June 2013		14,762,619	753,282	411,212	15,927,113

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		612,853	607,192	588,841
Operating Grants, Subsidies and Contributions		519,945	1,903,906	133,130
Fees and Charges		371,914	1,149,775	501,431
Interest Earnings		69,056	80,669	149,512
Goods and Services Tax		47,955	537,585	0
Other Revenue		19,831	30,714	16,924
		<u>1,641,554</u>	<u>4,309,841</u>	<u>1,389,838</u>
Payments				
Employee Costs		(954,602)	(870,248)	(673,326)
Materials and Contracts		(667,045)	(2,906,012)	(693,435)
Utility Charges		(39,660)	(57,850)	(43,246)
Insurance Expenses		(95,324)	0	(73,673)
Interest expenses		(206)	(80,986)	0
Goods and Services Tax		8,118	(246,339)	(47,955)
Other Expenditure		(46)	(12,448)	(3,248)
		<u>(1,748,765)</u>	<u>(4,173,883)</u>	<u>(1,534,883)</u>
Net Cash Provided By (Used In) Operating Activities	15(b)	<u>(107,211)</u>	<u>135,959</u>	<u>(145,045)</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(1,054)	(385,000)	(1,657)
Payments for Purchase of Property, Plant & Equipment		(1,151,640)	(1,939,221)	(576,326)
Payments for Construction of Infrastructure		(767,392)	(1,488,832)	(1,070,517)
Non-Operating Grants, Subsidies and Contributions		1,381,476	2,291,459	795,964
Proceeds from Sale of Plant & Equipment		316,792	182,000	115,272
Land Developed for Resale		0	157,500	0
Proceeds from Sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(221,818)</u>	<u>(1,182,094)</u>	<u>(737,265)</u>
Net Increase (Decrease) in Cash Held		<u>(329,029)</u>	<u>(1,046,136)</u>	<u>(882,310)</u>
Cash at Beginning of Year		2,010,730	2,052,668	2,893,040
Cash and Cash Equivalents at the End of the Year	15(a)	<u><u>1,681,701</u></u>	<u><u>1,006,533</u></u>	<u><u>2,010,730</u></u>

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		14	10,772	18,081
General Purpose Funding		1,277,967	1,540,623	437,551
Law, Order, Public Safety		34,100	35,590	40,610
Housing		153,740	171,800	15,486
Community Amenities		31,573	29,368	29,927
Recreation and Culture		103,743	318,025	5,589
Transport		519,021	2,282,357	978,986
Economic Services		286,975	890,800	71,170
Other Property and Services		165,811	350,688	32,185
		<u>2,572,944</u>	<u>5,630,023</u>	<u>1,629,585</u>
Expenses				
Governance		(72,247)	(89,957)	(102,282)
General Purpose Funding		(31,690)	(414,091)	(26,301)
Law, Order, Public Safety		(55,116)	(90,083)	(62,927)
Health		(13,076)	(10,240)	(7,798)
Education and Welfare		(1,358)	(2,729)	(1,040)
Housing		(39,782)	(28,325)	(23,252)
Community Amenities		(160,922)	(167,310)	(139,481)
Recreation and Culture		(115,242)	(144,981)	(138,423)
Transport		(1,874,416)	(1,894,004)	(1,959,600)
Economic Services		(784,441)	(1,049,338)	(113,271)
Other Property and Services		(116,552)	(185,383)	(130,792)
		<u>(3,264,842)</u>	<u>(4,076,441)</u>	<u>(2,705,167)</u>
Net Result Excluding Rates		(691,898)	1,553,582	(1,075,582)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	22	(194,930)	(173,500)	(17,197)
Movement in Employee Benefit Provisions (Non-Current)		(22,210)	0	13,457
Depreciation and Amortisation on Assets	2(a)	750,151	742,808	730,058
Capital Expenditure and Revenue				
Purchase Land Developed for Resale		(1,054)	(385,000)	(1,657)
Purchase Land and Buildings		(639,074)	(1,186,162)	(285,950)
Purchase Infrastructure Assets - Roads		(747,710)	(918,832)	(655,974)
Purchase Infrastructure Assets - Parks		(15,476)	(570,000)	(78,817)
Purchase Infrastructure Assets - Footpaths		(4,206)	0	(81,673)
Purchase Infrastructure Assets - Other		0	0	(254,054)
Purchase Plant and Equipment		(418,068)	(559,000)	(249,402)
Purchase Furniture and Equipment		(107,443)	(194,059)	(40,794)
Proceeds from Disposal of Assets	22	316,792	339,500	115,272
Transfers to Reserves (Restricted Assets)	13	(51,616)	(74,800)	(488,708)
Transfers from Reserves (Restricted Assets)	13	568,994	588,928	0
ADD Estimated Surplus/(Deficit) July 1 B/Fw d	24(b)	124,078	229,343	1,907,182
LESS Estimated Surplus/(Deficit) June 30 C/Fw d	24(b)	(520,374)	0	124,078
Total Amount Raised from General Rate	24(a)	<u>(613,294)</u>	<u>(607,192)</u>	<u>(587,917)</u>

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

The Shire of Wandering is a non-profit entity for the purposes of preparing this financial report.

All amounts are stated in Australian dollars.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 21 to these financial statements.

(c) Goods and Services Tax (GST)

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Developed for Resale

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

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

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

Land Under Control

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

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

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

Revaluation

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

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

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

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

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

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

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

Land under Roads

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

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

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

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

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

Buildings	33 years
Furniture and Equipment	6.66 years
Computer Equipment	4 years
Plant and Equipment	4 to 15 years
Tools	10 years
Sealed roads and streets construction/road base original surfacing and major re-surfacing	50 years
- bituminous seals	20 years
Gravel roads construction/road base gravel sheet	50 years 12 years
Formed roads (unsealed) construction/road base	50 years
Footpaths	30 years

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$300 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

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

They are initially recognised at cost and have an indefinite useful life.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

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

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

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

(m) Borrowing Costs

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

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

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

(o) Leases

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

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

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

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

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

(p) Investments in Associates

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 18.

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

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

(r) Rates, Grants, Donations and Other Contributions

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

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

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

(s) Superannuation

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

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

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

(w) Budget Comparative Figures

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

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

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	Title and Topic	Issued	Applicable (*)	Impact
(iii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2015	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 -Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

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

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

(y) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

2. REVENUE AND EXPENSES	2013	2012
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
Transport	<u>785,354</u>	<u>0</u>
This significant expense in 2012/13 relates to flood damage repairs on local roads.		
Auditors Remuneration		
- Audit of the financial report	7,600	9,750
- Financial Management Review	0	2,750
Depreciation		
Land & Buildings	48,688	42,506
Furniture and Equipment	17,598	9,397
Plant and Equipment	226,118	234,195
Roads	429,461	420,021
Footpaths	5,941	3,562
Recreation	19,373	18,248
Other Infrastructure	<u>2,975</u>	<u>2,129</u>
	<u>750,152</u>	<u>730,058</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges	0	0
Debentures (<i>refer Note 23(a)</i>)	<u>0</u>	<u>53</u>
	<u>0</u>	<u>53</u>
Rental Charges		
- Operating Leases	<u>198,998</u>	<u>0</u>
(ii) Crediting as Revenue:		
Significant Revenue		
General Purpose Funding	<u>1,203,700</u>	<u>282,885</u>
	<u>1,203,700</u>	<u>282,885</u>

This significant revenues relates to Country Local Government Fund grants.

	2013	2013	2012
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	51,616	44,796	59,200
- Other Funds	14,704	34,008	87,683
Other Interest Revenue (<i>refer note 28</i>)	<u>2,737</u>	<u>1,872</u>	<u>2,628</u>
	<u>69,057</u>	<u>80,676</u>	<u>149,512</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Members expenses and other costs of the Shire that relate to the tasks of assisting Councillors and the public on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Rates and their collection; Financial Assistance Grants from Grants Commission; and Interest.

LAW, ORDER, PUBLIC SAFETY

Supervision of various local laws; fire prevention; and animal control.

HEALTH

Food and water quality control; septic system inspection.

EDUCATION AND WELFARE

Support of school activities.

HOUSING

Provision of general rental accommodation when buildings not required by Staff.

COMMUNITY AMENITIES

Rubbish collection services; operation of tip; administration of town planning scheme; landcare; maintenance of cemeteries; and public conveniences.

RECREATION AND CULTURE

Maintenance of halls; tennis/netball courts; ovals and reserves; operation of library; heritage and history.

TRANSPORT

Construction and maintenance of streets, roads, bridges, street lighting, traffic and directional signs; depot maintenance; motor vehicle license agency.

ECONOMIC SERVICES

Tourism (including caravan park); implementation of building controls; Australia Post agency; noxious

OTHER PROPERTY AND SERVICES

Private works operations, plant repairs and operation costs.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
		Balance (*) 1-Jul-11 \$	2011/12 \$	2011/12 \$	Balance (*) 30-Jun-12 \$	2012/13 \$	2012/13 \$	Balance 30-Jun-13 \$
Dept of Agriculture - Townsite Drainage Plan	Transport	9,526	0	(1,500)	8,026		(8,026)	0
Dept of Agriculture - Feral Pig Eradication	Community Amenities	30,693	2,741	(12,890)	20,544	12,781	(4,191)	29,134
Grants Commission Special Projects	Transport	504,000	0	(301,122)	202,878	126,000	(151,000)	177,878
SGIO	Law, Order, Public Safety	4,545	0	0	4,545			4,545
Office of Crime Prevention	Law, Order, Public Safety	25,000	13,553	(25,000)	13,553		(13,553)	0
2010/11 CLGF - Individual	General Purpose Funding	298,953	0	(296,626)	2,327		(2,327)	0
2010/11 CLGF - Regional	General Purpose Funding	525,886	0	(254,054)	271,832		(271,832)	0
Wheatbelt Development Commission	General Purpose Funding	0	19,599	0	19,599	19,599	(950)	38,248
Department of Regional Development & Lands	Economic Services	0	20,000	0	20,000		(7,078)	12,922
2011/12 CLGF - Individual	General Purpose Funding	0	0	0	0	262,795	(143,690)	119,105
2011/12 CLGF - Regional	General Purpose Funding	0	0	0	0	90,000		90,000
Total		1,398,603	55,893	(891,192)	563,304	511,175	(602,648)	471,832

Notes:

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

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	2013 \$	2012 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	456,588	176,766
Restricted	<u>1,225,113</u>	<u>1,833,964</u>
	<u>1,681,701</u>	<u>2,010,730</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	110,957	105,955
Plant Reserve	306,801	423,781
Land & Building Reserve	303,072	371,771
Office Equipment Reserve	32,451	30,989
Commercial Land Reserve	0	338,164
Unspent Grants	<u>471,832</u>	<u>563,304</u>
	<u>1,225,113</u>	<u>1,833,964</u>
4. INVESTMENTS		
Council held no investments during the 2012/13 financial year.		
	2013 \$	2012 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	16,431	15,990
Sundry Debtors	191,288	23,767
GST Receivable	0	47,955
Loans - Clubs/Institutions	<u>5,000</u>	<u>0</u>
	<u>212,719</u>	<u>87,712</u>
6. INVENTORIES		
Current		
Fuel and Materials	21,679	2,520
History Books	<u>3,670</u>	<u>4,011</u>
	<u>25,349</u>	<u>6,531</u>
Non-Current		
Land Developed for Resale - Cost		
Cost of Acquisition	364,442	369,733
Development Costs	<u>310,978</u>	<u>309,924</u>
	<u>675,420</u>	<u>679,657</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	2013 \$	2012 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Cost	25,248	0
Total Land	<u>25,248</u>	<u>0</u>
Buildings at:		
- Cost	2,276,120	1,431,211
Less Accumulated Depreciation	<u>(310,796)</u>	<u>(276,588)</u>
Total Buildings	1,965,322	1,154,623
Total Land and Buildings	<u>1,990,570</u>	<u>1,154,623</u>
Furniture and Equipment - At Cost	325,276	217,833
Less Accumulated Depreciation	<u>(175,045)</u>	<u>(157,447)</u>
	150,231	60,386
Plant and Equipment - Independent Valuation 2013	1,901,500	2,731,866
Less Accumulated Depreciation	<u>0</u>	<u>(1,315,366)</u>
	1,901,500	1,416,500
Work in Progress	0	256,918
	<u>4,042,301</u>	<u>2,888,427</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land (Level 2) \$	Non- Specialised Buildings (Level 2) \$	Buildings Work in Progress \$	Total Buildings \$	Total Land and Buildings \$	Plant and Equipment (Level 2) \$	Furniture and Equipment (Level 3) \$	Total \$
Balance as at 1 July 2011	0	1,168,097	256,918	1,425,015	1,425,015	1,499,369	28,809	2,953,193
Additions	0	29,032	0	29,032	29,032	249,402	40,974	319,408
Work in Progress capitalised	0	0	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	(98,075)	0	(98,075)
Depreciation (Expense)	0	(42,506)	0	(42,506)	(42,506)	(234,196)	(9,397)	(286,099)
Balance at 30 June 2012	0	1,154,623	256,918	1,411,541	1,411,541	1,416,500	60,386	2,888,427
Additions	0	639,074	0	639,074	639,074	418,068	107,443	1,164,585
Work in Progress capitalised	0	256,918	(256,918)	0	0	0	0	0
(Disposals)	0	(11,357)	0	(11,357)	(11,357)	(118,161)	0	(129,518)
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0	0 0	411,211 0	0 0	411,211 0
Initial Recognition of assets Due to Changes to Regulations	25,248	(25,248)	0	(25,248)	(0)	0	0	(0)
Depreciation (Expense)	0	(48,688)	0	(48,688)	(48,688)	(226,118)	(17,598)	(292,403)
Balance at 30 June 2013	25,248	1,965,322	0	1,965,322	1,990,570	1,901,500	150,231	4,042,301

Note:

The revaluation of plant and equipment to fair values was performed by an independent valuer in February 2013 with effect from 30 June 2013.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	2013 \$	2012 \$
8. INFRASTRUCTURE		
Roads - Cost	22,232,064	21,473,070
Less Accumulated Depreciation	<u>(12,274,061)</u>	<u>(11,844,601)</u>
	9,958,003	9,628,469
Footpaths - Cost	192,616	140,299
Less Accumulated Depreciation	<u>(33,241)</u>	<u>(27,300)</u>
	159,375	112,999
Recreation - Cost	815,761	760,067
Less Accumulated Depreciation	<u>(187,946)</u>	<u>(138,885)</u>
	627,815	621,182
Other Infrastructure - Cost	336,390	97,820
Less Accumulated Depreciation	<u>(25,845)</u>	<u>(27,069)</u>
	310,545	70,751
Work in Progress	<u>0</u>	<u>312,695</u>
	<u>11,055,738</u>	<u>10,746,096</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Recreation \$	Other Infrastructure \$	Work in Progress \$	Total \$
Balance as at 1 July 2011	9,392,516	82,999	585,004	59,019	0	10,119,538
Additions	655,974	33,562	54,426	13,861	312,695	1,070,518
Work in Progress capitalised	0	0	0	0	0	0
(Disposals)	0	0	0	0	0	0
Depreciation (Expense)	(420,021)	(3,562)	(18,248)	(2,129)	0	(443,960)
Balance at 30 June 2012	<u>9,628,469</u>	<u>112,999</u>	<u>621,182</u>	<u>70,751</u>	<u>312,695</u>	<u>10,746,096</u>
Additions	747,710	4,206	15,476	0	0	767,392
Work in Progress capitalised	11,285	48,111	10,530	242,769	(312,695)	(0)
(Disposals)	0	0	0	0	0	0
Depreciation (Expense)	(429,461)	(5,941)	(19,373)	(2,975)	0	(457,749)
Balance at 30 June 2013	<u>9,958,003</u>	<u>159,375</u>	<u>627,815</u>	<u>310,545</u>	<u>0</u>	<u>11,055,738</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

9. INTANGIBLES

Council did not identify any intangible assets during the 2012/13 financial year.

	2013 \$	2012 \$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,682,854	693,349
GST Payable	8,118	0
PAYG Liability	0	14,644
Other	350	2,242
	<u>1,691,322</u>	<u>710,235</u>

11. LONG-TERM BORROWINGS

Council had no long-term borrowings during the 2012/13 financial year,

	2013 \$	2012 \$
12. PROVISIONS		
Analysis of Total Provisions		
Current	62,498	79,902
Non-Current	12,297	34,507
	<u>74,795</u>	<u>114,409</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	60,025	54,384	114,409
Additional provisions	257	158	415
Amounts used	(22,047)	(17,982)	(40,029)
Balance at 30 June 2013	<u>38,235</u>	<u>36,560</u>	<u>74,795</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH/INVESTMENT BACKED			
(a) Leave Reserve			
Opening Balance	105,955	105,955	51,374
Amount Set Aside / Transfer to Reserve	5,002	4,000	54,581
Amount Used / Transfer from Reserve	0	0	0
	<u>110,957</u>	<u>109,955</u>	<u>105,955</u>
(b) Plant Reserve			
Opening Balance	423,781	423,781	244,937
Amount Set Aside / Transfer to Reserve	18,020	16,800	178,844
Amount Used / Transfer from Reserve	<u>(135,000)</u>	<u>(136,593)</u>	<u>0</u>
	<u>306,801</u>	<u>303,988</u>	<u>423,781</u>
(c) Land & Building Reserve			
Opening Balance	371,772	371,771	156,315
Amount Set Aside / Transfer to Reserve	16,300	14,800	215,456
Amount Used / Transfer from Reserve	<u>(85,000)</u>	<u>(86,572)</u>	<u>0</u>
	<u>303,072</u>	<u>299,999</u>	<u>371,771</u>
(d) Office Equipment Reserve			
Opening Balance	30,988	30,989	9,784
Amount Set Aside / Transfer to Reserve	1,463	31,200	21,205
Amount Used / Transfer from Reserve	0	<u>(19,599)</u>	<u>0</u>
	<u>32,451</u>	<u>42,590</u>	<u>30,989</u>
(e) Commercial Land Reserve			
Opening Balance	338,164	338,164	319,541
Amount Set Aside / Transfer to Reserve	10,830	8,000	18,623
Amount Used / Transfer from Reserve	<u>(348,994)</u>	<u>(346,164)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>338,164</u>
TOTAL CASH BACKED RESERVES	<u>753,282</u>	<u>756,532</u>	<u>1,270,660</u>

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

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

Long Service Leave & Termination Reserve

- For the payment of long service leave and termination leave (Item 5.2.42 - 20th June 1996).

Plant Reserve

- For the purchase and replacement of plant and vehicles (item 5.2.42 - 20th June 1996).

Building Reserve

- For the purchase of land and buildings and major repairs/upgrading of existing buildings (item 5.2.42 - 20th June 1996).

Office Equipment Reserve

- For the replacement of office equipment (item 4.1 - 20th June 1996).

Commercial Land Reserve (Item 10.3.4 - 21st December 2006)

- For the development of a commercial facility on Lots 800 to Lot 802 Watts St, Wandering.

Approximately 50% of the leave reserve will be utilised in 2013/14 and the balance upon payment of unused leave in the future.

The plant reserve will be utilised in accordance with Council's long-term financial plan.

The majority of the building reserve will be utilised in 2013/14 to complete two new residences.

The office equipment reserve will be utilised in accordance with Council's long-term financial plan.

14. RESERVES - ASSET REVALUATION

2013
\$

2012
\$

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

Plant and Equipment

Opening Balance	0	0
Revaluation Increment	411,212	0
Revaluation Decrement	0	0
	<u>411,212</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>411,212</u></u>	<u><u>0</u></u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>1,681,701</u>	<u>1,006,533</u>	<u>2,010,730</u>

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

Net Result	(78,606)	2,160,774	(485,760)
Depreciation	750,152	742,805	730,058
(Profit)/Loss on Sale of Asset	(194,930)	(173,500)	(17,197)
Writedown in Fair Value of Investments	0		
(Increase)/Decrease in Receivables	(125,007)	(63,297)	527,429
(Increase)/Decrease in Inventories	(18,818)	9,194	3,646
Increase/(Decrease) in Payables	981,087	(248,562)	(120,715)
Increase/(Decrease) in Employee Provisions	(39,613)		13,458
Grants/Contributions for the Development of Assets	(1,381,476)	(2,291,459)	(795,964)
Non-Current Assets recognised due to changes in legislative requirements	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>(107,211)</u>	<u>135,956</u>	<u>(145,045)</u>

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	20,000
Credit Card Balance at Balance Date	<u>0</u>	<u>(3,038)</u>
Total Amount of Credit Unused	<u>20,000</u>	<u>16,962</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

16. CONTINGENT LIABILITIES

A claim for royalties on gravel yet to be extracted from a pit on private land has been made after alternative gravel supplies were accessed from near-by properties.

The claim is presently with the Shires Councillors and Officer's Liability insurer, ACE Insurances

17. CAPITAL AND LEASING COMMITMENTS	2013 \$	2012 \$
(a) Finance Lease Commitments		
Council did not enter into any finance leases during the 2012/13 financial year.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year (Excavator)	99,499	0
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>99,499</u>	<u>0</u>

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	298,545	569,613
--------------------------------	---------	---------

Payable:

- not later than one year	298,545	569,613
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The capital expenditure projects outstanding at the end of the current reporting period represents the construction of new residences at 19 Humes Way (\$90,555) & 5 Dunmall Drive (\$207,990)

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

18. JOINT VENTURE

The Shire of Wandering together with the Shires of Boddington and Cuballing have a Joint Venture arrangement with regards to the provision of Landcare. This arrangement is not currently operational but has not officially been wound up. During the 2011/12 financial year the Shire of Wandering paid out the Shire of Cuballing for their share in the Landcare vehicle and this asset is shown under Plant & Equipment.

	2013 \$	2012 \$
Non-Current Assets		
Plant & Equipment	13,500	4,545
Less: Accumulated Depreciation	<u>0</u>	<u>(947)</u>
	<u>13,500</u>	<u>3,598</u>

The Shire of Wandering together with the Shire of Boddington have a Joint Venture arrangement with regard to the provision of Bush Fire Communications for the Districts.

The Shire of Wandering together with the Shire of Pingelly have a Joint Venture arrangement with regard to the provision of Local Emergency Management for the Districts.

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	842,488	805,638
General Purpose Funding	16,431	117,749
Law, Order, Public Safety	263,759	274,496
Housing	367,649	694,188
Community Amenities	170,772	482,409
Recreation and Culture	760,564	534,273
Transport	10,162,865	10,121,206
Economic Services	995,778	1,088,714
Other Property and Services	2,247,691	2,300,480
Unallocated	<u>1,865,233</u>	<u>0</u>
	<u>17,693,230</u>	<u>16,419,153</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

	2013	2012	2011
20. FINANCIAL RATIOS			
Current Ratio	0.40	0.38	1.59
Asset Sustainability Ratio	0.93	0.90	1.76
Debt Service Cover Ratio	0.00	0.00	0.00
Operating Surplus Ratio	(1.15)	(0.12)	1.73
Own Source Revenue Coverage Ratio	0.39	0.50	0.49

The above ratios are calculated as follows:

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

21. TRUST FUNDS

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Housing Bonds	200	400	0	600
Town Planning Bonds	11,000	0	(5,000)	6,000
Fire Brigade Donations	3,340	0	0	3,340
Cleaning Bond	1,100	0	(500)	600
Crossovers for Blackboy Springs Estate	24,000	0	0	24,000
	<u>39,640</u>			<u>34,540</u>

22. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Caprice Sedan	37,888	40,000	41,818	40,000	3,930	0
Housing						
8 Down Street	11,358	12,000	160,974	157,500	149,616	145,500
Transport						
Grader	61,825	88,000	114,000	112,000	52,175	24,000
Toyota Hilux Dual Cab		26,000	0	30,000	0	4,000
Other Property & Services						
Various assets written off	10,792	0	0	0	(10,792)	0
	<u>121,862</u>	<u>166,000</u>	<u>316,792</u>	<u>339,500</u>	<u>194,930</u>	<u>173,500</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

23. INFORMATION ON BORROWINGS

(a) Debenture Repayments

No debenture repayments occurred in 2012/13.

(b) New Debentures

No new debentures occurred in 2012/13.

(c) Unspent Debentures

There were no unspent debentures at 30 June 2013

(d) Overdraft

No overdraft facility was in place during 2012/13.

24. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
Residential	0.05664	51	603,790	34,184	59	0	34,243	34,155	0	0	34,155
Special Use	0.075665	30	169,832	12,850	0	0	12,850	12,850	0	0	12,850
Rural Residential	0.0045	5	816,000	3,659	0	0	3,659	3,659	0	0	3,659
Rural	0.0045	168	112,353,500	503,793	0	0	503,793	504,905	0	0	504,905
Sub-Totals		254	113,943,122	554,486	59	0	554,546	555,569	0	0	555,569
Minimum Rates											
	Minimum \$										
Residential	523	27	65,215	14,121	0	0	14,121	14,121	0	0	14,121
Special Use	523	2	6,400	1,046	0	0	1,046	1,046	0	0	1,046
Mining Tenement	713	4	152,065	2,852	0	0	2,852	20,677	0	0	20,677
Rural Residential	713	29	4,196,500	20,677	320	0	20,997	72,013	0	0	72,013
Rural	713	98	12,282,200	73,013	0	0	73,013	2,852	0	0	2,852
Sub-Totals		160	16,702,380	111,709	320	0	112,029	110,709	0	0	110,709
							666,575				666,278
Discounts (refer note 27)							(53,281)				(61,051)
Total Amount Raised from General Rate							613,294				605,227
Ex Gratia Rates							0				1,965
Specified Area Rate (refer note 25)							0				0
Total Rates							613,294				607,192

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

24. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(b) Information on Surplus/(Deficit) Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>(520,374)</u>	<u>124,078</u>	<u>124,078</u>
Comprises:			
Cash - Unrestricted	456,587	176,766	176,766
Cash - Restricted Reserves	753,282	1,270,660	1,270,660
Cash - Restricted Unspent Grants	471,832	563,304	563,304
Rates - Current	16,431	15,990	15,990
Sundry Debtors	191,288	71,722	71,722
Loans - Clubs/Institutions	5,000	0	0
Inventories			
- Fuel and Materials	21,679	2,520	2,520
- History Books	3,670	4,011	4,011
- Other	4,461	0	0
Less:			
Reserves - Restricted Cash			
- Leave Reserve	(110,957)	(105,955)	(105,955)
- Plant Reserve	(306,801)	(423,781)	(423,781)
- Land & Building Reserve	(303,072)	(371,771)	(371,771)
- Office Equipment Reserve	(32,451)	(30,989)	(30,989)
- Commercial Land Reserve	(0)	(338,164)	(338,164)
Sundry Creditors	(1,691,322)	(710,235)	(710,235)
Current Employee Benefits Provision	(62,498)	(79,902)	(79,902)
Cash backed employee provisions	62,498	79,902	79,902
Surplus/(Deficit)	<u>(520,374)</u>	<u>124,078</u>	<u>124,078</u>

Difference:

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

25. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

There were no specified area rates levied for the financial year.

26. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

There were no service charges levied for the financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10.00%	53,281	61,051
			53,281	61,051

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.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		2,737	1,872
Charges on Instalment Plan		50	5,211	2,700
			7,948	4,572

Ratepayers had the option of paying rates in four equal instalments, due on 28th September 2012, 29th November 2012, 31st January 2013 and 28th March 2013. Administration charges and interest applied for the final three instalments.

29. FEES & CHARGES	2013 \$	2012 \$
Governance	13	5,452
General Purpose Funding	5,210	4,854
Law, Order, Public Safety	2,210	10,376
Housing	4,124	15,486
Community Amenities	29,676	27,128
Recreation and Culture	2,605	3,214
Transport	949	381,802
Economic Services	182,269	29,439
Other Property and Services	144,858	23,681
	<u>371,914</u>	<u>501,431</u>

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

30. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	519,945	133,130
Non-Operating Grants, Subsidies and Contributions	<u>1,381,476</u>	<u>795,964</u>
	<u>1,901,421</u>	<u>929,094</u>
By Program:		
General Purpose Funding	1,203,699	282,885
Law, Order, Public Safety	31,890	30,000
Recreation and Culture	99,788	0
Transport	465,897	589,478
Economic Services	<u>100,146</u>	<u>26,731</u>
	<u>1,901,420</u>	<u>929,094</u>

31. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	800	9,600	8,760
President's Allowance	0	2,000	2,000
	<u>800</u>	<u>11,600</u>	<u>10,760</u>

32. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>12</u>	<u>11</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

33. MAJOR LAND TRANSACTIONS

Down Street/Dunmall Drive Residential Subdivision

(a) Details

This project commenced in 2001/2002 with the release of 7 lots and a further release of 22 lots in 2007/2008. 15 lots were sold during the 2007/08 Financial Year, a further 5 lots sold in 2008/2009 and 1 lot was sold in the 2009/10 financial year.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
Operating Revenue			
- Profit on sale	0	0	0
Capital Revenue			
- Sale Proceeds	0	0	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

Note: All development costs associated with the sale of these lots has been incurred in previous years.

(c) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
(Cash Outflows)						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	80,000	160,000	0	0	0	240,000
	<u>80,000</u>	<u>160,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>240,000</u>
Net Cash Flows	<u>80,000</u>	<u>160,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>240,000</u>

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

Schorer Road Industrial Estate - Stage 2

(a) Details

This project is a continuation of the existing Schorer Road Industrial Estate and includes the purchase of land to an additional 5 lots. It is anticipated that a Stage 3 development will be created in future years.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
Operating Income			
- Profit on sale	0	0	0
Capital Income			
- Sale Proceeds	0	0	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included as land developed for resale (refer Note 6).

(c) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
Cash Outflows						
- Development Costs	(250,000)	0	0	0	0	(250,000)
	<u>(250,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(250,000)</u>
Cash Inflows						
- Sale Proceeds	100,000	200,000	100,000	100,000	0	500,000
	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>500,000</u>
Net Cash Flows	<u>(150,000)</u>	<u>200,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>250,000</u>

Mill Street (Turton Road) Residential Subdivision

(a) Details

The land for this project was purchased during the 2007/08 financial year to provide for future expansion. It is not anticipated that development will take place in the short term.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
Operating Income			
- Profit on sale	0	0	0
Capital Income			
- Sale Proceeds	0	0	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	742	0	0
	<u>742</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included as land developed for resale (refer Note 6).

Note: It is not anticipated that any lots will be sold in the 2013/14 financial year.

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

(c) Expected Future Cash Flows

	2014	2015	2016	2017	2018	Total
	\$	\$	\$	\$	\$	\$
Cash Outflows						
- Development Costs	(10,000)	(260,000)	(300,000)	0	0	(570,000)
	<u>(10,000)</u>	<u>(260,000)</u>	<u>(300,000)</u>	<u>0</u>	<u>0</u>	<u>(570,000)</u>
Cash Inflows						
- Sale Proceeds	0	0	200,000	200,000	200,000	600,000
	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>600,000</u>
Net Cash Flows	<u>(10,000)</u>	<u>(260,000)</u>	<u>(100,000)</u>	<u>200,000</u>	<u>200,000</u>	<u>30,000</u>

Lot 9500 North Bannister Wandering Rd Residential Subdivision

(a) Details

The land for this project was purchased during the 2009/10 financial year to provide for future expansion. It is not anticipated that development will take place in the short term.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
Operating Income			
- Profit on sale	0	0	0
Capital Income			
- Sale Proceeds	0	0	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	312	0	0
	<u>312</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included as land developed for resale (refer Note 6).

Note: It is not anticipated that any lots will be sold in the 2013/14 financial year.

(c) Expected Future Cash Flows

	2014	2015	2016	2017	2018	Total
	\$	\$	\$	\$	\$	\$
Cash Outflows						
- Development Costs	(10,000)	(380,000)	(100,000)	0	0	(490,000)
	<u>(10,000)</u>	<u>(380,000)</u>	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>(490,000)</u>
Cash Inflows						
- Sale Proceeds	0	0	200,000	200,000	100,000	500,000
	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>	<u>100,000</u>	<u>500,000</u>
Net Cash Flows	<u>(10,000)</u>	<u>(380,000)</u>	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>	<u>10,000</u>

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

35. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial Assets				
Cash and cash equivalents	1,681,701	2,010,730	1,681,701	2,010,730
Receivables	212,719	87,712	212,719	87,712
	<u>1,894,420</u>	<u>2,098,442</u>	<u>1,894,420</u>	<u>2,098,442</u>
Financial Liabilities				
Payables	1,691,322	710,235	1,691,322	710,235
	<u>1,691,322</u>	<u>710,235</u>	<u>1,691,322</u>	<u>710,235</u>

Fair value is determined as follows:

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

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2013 \$	2012 \$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	20,310	138,882
- Statement of Comprehensive Income	28,580	138,882

Notes:

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

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

Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	2,031	13,888
- Statement of Comprehensive Income	2,858	13,888

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

35. FINANCIAL RISK MANAGEMENT (Continued) (b) Receivables

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

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

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

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

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

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	12.22%
- Overdue	100.00%	87.78%
Percentage of Other Receivables		
- Current	16.79%	97.79%
- Overdue	83.21%	2.21%

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2013					
Payables	<u>1,691,322</u>	<u>0</u>	<u>0</u>	<u>1,691,322</u>	<u>1,691,322</u>
	<u>1,691,322</u>	<u>0</u>	<u>0</u>	<u>1,691,322</u>	<u>1,691,322</u>
2012					
Payables	<u>710,235</u>	<u>0</u>	<u>0</u>	<u>710,235</u>	<u>710,235</u>
	<u>710,235</u>	<u>0</u>	<u>0</u>	<u>710,235</u>	<u>710,235</u>

INDEPENDENT AUDITOR REPORT

Independent Auditor Report

INDEPENDENT AUDITOR REPORT TO THE SHIRE OF WANDERING

Report on the Financial Report

We have audited the accompanying financial report of Shire of Wandering, which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

Council's Responsibility for the Financial Report

Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 and for such internal control as the Council 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 whether the financial report is free from material misstatement.

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



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(Audit) Pty Ltd**

ACN 112 942 373
Registered Company Auditor
Number 289109

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Standards Legislation*

INDEPENDENT AUDITOR REPORT

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

Independence

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

Auditor's Opinion

In our opinion, the financial report of Shire of Wandering is in accordance with the underlying records of the Council including:

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

Emphasis of Matter

Without modifying our opinion, we draw attention to page 53 of the financial report "ratio information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

Reporting on Other Legal and Regulatory Requirements

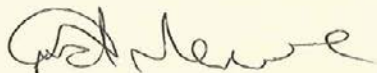
We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

INDEPENDENT AUDITOR REPORT

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director
Perth
Date: 11 December 2013