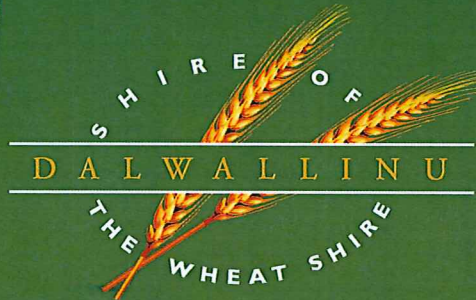




Shire of Dalwallinu



Annual Report 2011-2012

Shire of Dalwallinu
58 Johnston Street
PO Box 141
Dalwallinu
WA 6609

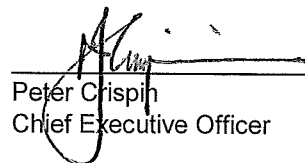
SHIRE OF DALWALLINU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 21st day of November 2012


Peter Crispin
Chief Executive Officer

SHIRE OF DALWALLINU
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2012

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

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	22	2,509,733	2,501,027	2,399,955
Operating Grants, Subsidies and Contributions	28	3,171,943	1,909,486	2,360,171
Fees and Charges	27	1,460,729	1,401,926	1,442,752
Service Charges	24	0	0	0
Interest Earnings	2(a)	200,283	115,911	140,112
Other Revenue		32,508	101,391	96,758
		<u>7,375,196</u>	<u>6,029,741</u>	<u>6,439,748</u>
Expenses				
Employee Costs		(2,722,939)	(2,518,942)	(2,491,008)
Materials and Contracts		(1,095,142)	(1,711,506)	(932,669)
Utility Charges		(393,404)	(371,805)	(315,944)
Depreciation on Non-Current Assets	2(a)	(2,486,846)	(2,184,273)	(2,218,553)
Interest Expenses	2(a)	(97,042)	(98,439)	(100,311)
Insurance Expenses		(133,120)	(199,225)	(131,384)
Other Expenditure		(96,683)	(134,639)	(193,749)
		<u>(7,025,176)</u>	<u>(7,218,829)</u>	<u>(6,383,618)</u>
		350,020	(1,189,088)	56,130
 Non-Operating Grants, Subsidies and Contributions	28	1,934,214	951,849	1,354,020
Profit on Asset Disposals	20	109,302	145,290	67,064
Loss on Asset Disposal	20	(25,031)	(6,431)	(10,048)
 Net Result		2,368,505	(98,380)	1,467,166
 Other Comprehensive Income				
 Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
 Total Comprehensive Income		<u><u>2,368,505</u></u>	<u><u>(98,380)</u></u>	<u><u>1,467,166</u></u>

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

SHIRE OF DALWALLINU
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		2,945	2,503	1,706
General Purpose Funding		5,386,621	4,174,147	4,571,558
Law, Order, Public Safety		35,042	30,876	28,183
Health		641,298	710,330	683,958
Education and Welfare		1,332	1,388	1,576
Housing		96,556	75,355	82,441
Community Amenities		355,939	333,529	339,118
Recreation and Culture		103,379	67,690	111,460
Transport		215,184	186,628	259,195
Economic Services		367,221	349,197	263,269
Other Property and Services		175,402	98,098	159,781
	2(a)	<u>7,380,919</u>	<u>6,029,741</u>	<u>6,502,245</u>
Expenses				
Governance		(376,351)	(413,725)	(356,521)
General Purpose Funding		(187,633)	(193,107)	(183,215)
Law, Order, Public Safety		(90,422)	(87,784)	(67,061)
Health		(922,244)	(959,260)	(903,909)
Education and Welfare		(12,425)	(15,041)	(7,418)
Housing		(97,099)	(103,007)	(98,130)
Community Amenities		(483,794)	(555,098)	(428,244)
Recreation and Culture		(1,207,729)	(1,179,858)	(1,107,791)
Transport		(2,648,485)	(2,469,685)	(2,353,035)
Economic Services		(864,100)	(1,096,468)	(684,789)
Other Property and Services		(43,575)	(47,357)	(69,667)
	2(a)	<u>(6,933,857)</u>	<u>(7,120,390)</u>	<u>(6,259,780)</u>
Finance Costs				
Governance		(19,336)	(20,030)	(6,811)
Housing		0	0	(14,932)
Community Amenities		(20,062)	(74,047)	(20,768)
Recreation and Culture		(57,644)	(4,362)	(57,800)
	2(a)	<u>(97,042)</u>	<u>(98,439)</u>	<u>(100,311)</u>
Non-Operating Grants, Subsidies and Contributions				
Recreation and Culture		0	0	456,905
Transport		962,432	951,849	897,115
Economic Services		971,782	0	0
		<u>1,934,214</u>	<u>951,849</u>	<u>1,354,020</u>
Profit/(Loss) on Disposal of Assets				
Governance		(4,296)	(3,131)	(1,339)
Health		5,598	0	0
Housing		0	3,184	4,567
Transport		97,981	138,806	(32,236)
Economic Services		(15,012)	0	0
		<u>84,271</u>	<u>138,859</u>	<u>(29,008)</u>
Net Result		<u>2,368,505</u>	<u>(98,380)</u>	<u>1,467,166</u>
Other Comprehensive Income				
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>2,368,505</u></u>	<u><u>(98,380)</u></u>	<u><u>1,467,166</u></u>

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

SHIRE OF DALWALLINU
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	4,408,309	2,597,053
Trade and Other Receivables	4	506,207	136,520
Inventories	5	20,377	52,730
TOTAL CURRENT ASSETS		<u>4,934,893</u>	<u>2,786,303</u>
NON-CURRENT ASSETS			
Other Receivables	4	60,668	79,997
Inventories	5	0	0
Property, Plant and Equipment	6	15,628,822	15,805,529
Infrastructure	7	102,915,839	102,170,907
TOTAL NON-CURRENT ASSETS		<u>118,605,329</u>	<u>118,056,433</u>
TOTAL ASSETS		<u>123,540,222</u>	<u>120,842,736</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	767,405	358,303
Long Term Borrowings	9	99,645	94,058
Provisions	10	372,131	357,129
TOTAL CURRENT LIABILITIES		<u>1,239,181</u>	<u>809,490</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,416,616	1,516,262
Provisions	10	54,618	55,682
TOTAL NON-CURRENT LIABILITIES		<u>1,471,234</u>	<u>1,571,944</u>
TOTAL LIABILITIES		<u>2,710,415</u>	<u>2,381,434</u>
NET ASSETS		<u>120,829,807</u>	<u>118,461,302</u>
EQUITY			
Retained Surplus		38,600,077	36,981,214
Reserves - Cash Backed	11	1,716,168	966,526
Reserves - Asset Revaluation	12	80,513,562	80,513,562
TOTAL EQUITY		<u>120,829,807</u>	<u>118,461,302</u>

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

SHIRE OF DALWALLINU
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		35,672,131	808,443	75,335,218	111,815,792
Changes in Accounting Policy		0	0	0	0
Correction of Errors		0	0	0	0
Restated Balance		35,672,131	808,443	75,335,218	111,815,792
Net Result		1,467,166	0	0	1,467,166
Total Other Comprehensive Income					0
Reserve Transfers		(158,083)	158,083	5,178,344	5,178,344
Balance as at 30 June 2011		36,981,214	966,526	80,513,562	118,461,302
Net Result		2,368,505	0	0	2,368,505
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(749,642)	749,642	0	0
Balance as at 30 June 2012		38,600,077	1,716,168	80,513,562	120,829,807

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

SHIRE OF DALWALLINU
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,141,271	2,501,027	2,589,903
Operating Grants, Subsidies and Contributions		3,171,944	1,909,486	2,360,171
Fees and Charges		1,460,730	1,401,926	1,442,752
Service Charges		0	0	0
Interest Earnings		198,050	115,911	140,112
Goods and Services Tax		0	0	42,339
Other Revenue		34,740	101,391	96,758
		<u>7,006,735</u>	<u>6,029,741</u>	<u>6,672,035</u>
Payments				
Employee Costs		(2,694,514)	(2,707,581)	(2,435,571)
Materials and Contracts		(682,367)	(2,676,213)	(941,323)
Utility Charges		(393,404)	(371,805)	(315,944)
Insurance Expenses		(133,120)	(199,225)	(131,384)
Interest expenses		(100,750)	(98,439)	(98,462)
Goods and Services Tax		17,901	(48,000)	(34,461)
Other Expenditure		(96,685)	(105,443)	(193,748)
		<u>(4,082,939)</u>	<u>(6,206,706)</u>	<u>(4,150,893)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,923,796</u>	<u>(176,965)</u>	<u>2,521,142</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(983,084)	(1,125,863)	(1,111,637)
Payments for Construction of Infrastructure		(2,267,708)	(964,226)	(2,156,884)
Advances to Community Groups		0	0	(90,000)
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions		1,934,214	951,849	1,354,020
Proceeds from Sale of Plant & Equipment		279,993	253,000	331,462
Proceeds from Advances		0	0	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>(1,036,585)</u>	<u>(885,240)</u>	<u>(1,673,039)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(94,058)	(94,058)	(81,294)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		18,103	16,497	9,913
Proceeds from New Debentures		0	0	90,000
		<u>0</u>	<u>0</u>	<u>90,000</u>
Net Cash Provided By (Used In) Financing Activities		<u>(75,955)</u>	<u>(77,561)</u>	<u>18,619</u>
Net Increase (Decrease) in Cash Held		<u>1,811,256</u>	<u>(1,139,766)</u>	<u>866,722</u>
Cash at Beginning of Year		2,597,053	2,514,318	1,730,331
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>4,408,309</u></u>	<u><u>1,374,552</u></u>	<u><u>2,597,053</u></u>

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

SHIRE OF DALWALLINU
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
Governance		2,945	2,503	1,706
General Purpose Funding		2,876,888	1,673,120	2,171,603
Law, Order, Public Safety		35,042	30,876	28,183
Health		646,896	713,514	683,958
Education and Welfare		1,332	1,388	1,576
Housing		96,556	75,355	87,008
Community Amenities		355,939	333,529	339,118
Recreation and Culture		103,379	67,690	568,365
Transport		1,275,597	1,280,583	1,156,310
Economic Services		1,339,003	349,197	263,269
Other Property and Services		175,402	98,098	159,781
		<u>6,908,979</u>	<u>4,625,853</u>	<u>5,460,877</u>
Expenses				
Governance		(399,983)	(440,186)	(364,671)
General Purpose Funding		(187,633)	(193,107)	(183,215)
Law, Order, Public Safety		(90,422)	(87,784)	(67,061)
Health		(922,244)	(959,260)	(903,909)
Education and Welfare		(12,425)	(15,041)	(7,418)
Housing		(97,099)	(103,007)	(113,062)
Community Amenities		(503,857)	(629,145)	(449,012)
Recreation and Culture		(1,265,373)	(1,184,220)	(1,165,592)
Transport		(2,648,485)	(2,469,685)	(2,385,271)
Economic Services		(879,112)	(1,096,468)	(684,789)
Other Property and Services		(43,574)	(47,357)	(69,666)
		<u>(7,050,207)</u>	<u>(7,225,260)</u>	<u>(6,393,666)</u>
Net Result Excluding Rates		(141,228)	(2,599,407)	(932,789)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	(84,271)	(138,859)	(57,016)
Movement in Accrued Interest		(3,708)		1,850
Movement in Accrued Salaries and Wages		14,488	(42,881)	15,596
Movement in Employee Benefit Provisions (Non-Current)		13,938	9,566	39,841
Depreciation and Amortisation on Assets	2(a)	2,486,846	2,184,273	2,218,553
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(350,890)	(329,989)	(221,030)
Purchase Infrastructure Assets - Roads		(2,094,095)	(2,239,603)	(2,156,885)
Purchase Infrastructure Assets - Other		(173,613)	(128,450)	0
Purchase Plant and Equipment		(559,215)	(713,500)	(714,337)
Purchase Furniture and Equipment		(72,980)	(82,374)	(176,270)
Proceeds from Disposal of Assets	20	279,992	253,000	331,463
Repayment of Debentures	21(a)	(94,058)	(94,058)	(81,294)
Proceeds from New Debentures	21	0	0	90,000
Advance to Bowling Club		0	0	(90,000)
Self-Supporting Loan Principal Income		18,103	0	9,913
Transfer to Restricted Cash		(2,344,293)		
Transfers to Reserves (Restricted Assets)	11	(749,642)	(482,976)	(158,082)
Transfers from Reserves (Restricted Assets)	11	0	155,891	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	1,530,366	1,437,307	1,010,898
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	185,473	(311,033)	1,530,366
Amount Required to be Raised from Rates	22(a)	<u>(2,509,733)</u>	<u>(2,501,027)</u>	<u>(2,399,955)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

(g) Fixed Assets

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

Initial Recognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Revaluation

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

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

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

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

Land under Roads

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

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

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

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

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

Depreciation of Non-Current Assets

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

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

Buildings	40 years
Furniture and Fittings - Electrical	5 years
Furniture and Fittings - Other	10 years
Motor Vehicle - Passenger	5 years
Light Vehicle - Commercial	5 years
Trucks	5 years
Graders, Loaders and Other Plant	10 years
Infrastructure Assets - roads, streets and kerbing	
clearing and earthworks	not depreciated
pavement	40 years
seal	15 years
kerbing	50 years
Infrastructure Assets - Gardens	not depreciated
Infrastructure Assets - Parks & Ovals	10 - 40 years
Infrastructure Assets - Other Structures	20 - 50 years

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Financial Instruments

Initial Recognition and Measurement

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

Derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

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

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

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

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

(l) Borrowing Costs

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

(m) Provisions

Provisions are recognised when:

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases

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

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

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

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

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

(o) Joint Venture

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

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

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

(p) Rates, Grants, Donations and Other Contributions

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Superannuation

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

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

(u) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

2. REVENUE AND EXPENSES	2012	2011
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
General Purpose Funding		0
This significant expense in both years relates to		
Amortisation		
Capitalised Leased Assets	0	0
Auditors Remuneration		
- Audit	19,045	8,262
- Other Services	6,570	550
Depreciation		
Buildings & Improvements	429,031	421,017
Plant & Equipment	484,260	484,080
Furniture and Equipment	50,779	63,983
Roads	1,391,821	1,144,982
Other Infrastructure	126,508	100,044
Parks & Ovals	4,447	4,447
	<u>2,486,846</u>	<u>2,218,553</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges	0	0
Debentures (<i>refer Note 21(a)</i>)	97,042	100,311
	<u>97,042</u>	<u>100,311</u>
Rental Charges		
- Operating Leases	0	0
(ii) Crediting as Revenue:	2012	2012
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	66,722	57,911
- Other Funds	118,820	50,000
Other Interest Revenue (<i>refer note 26</i>)	14,741	8,000
	<u>200,283</u>	<u>115,911</u>
		<u>140,112</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Dalwallinu is dedicated to providing high quality services to the community through the various service orientated programs which it has established; with a mission statement which encompasses the direction of the Shire as follows:

"To promote and enhance economic opportunities and lifestyle for the community"

GOVERNANCE

Administration and operation of facilities and services to members of Council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council activities

GENERAL PURPOSE FUNDING

Administration of rates income & expenditure, general purpose grant and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

Administration of food quality, pest control, medical centre operations and other health services.

EDUCATION AND WELFARE

Provision of school support, assistance to playgroups, retirement villages and other voluntary services.

HOUSING

Maintenance of aged, frail aged, joint venture and non-employee rental housing

COMMUNITY AMENITIES

Provision of rubbish collection services, operation of tips, noise control, administration of town planning scheme, maintenance of cemeteries, maintenance of public conveniences, storm water drainage maintenance, sewerage scheme operation, litter control and provision of roadside furniture.

RECREATION AND CULTURE

Provision of facilities and support for organisations concerned with leisure time activities and sport, support for performing and creative arts and preservation of the natural estate. This includes the maintenance of halls, aquatic centres, recreation and community centre, parks and gardens, sports grounds and operation of libraries.

TRANSPORT

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities and traffic signs, cleaning and lighting of streets, depot maintenance and airstrip maintenance.

ECONOMIC SERVICES

The regulation and provision of tourism, area promotion, building control, noxious weed control, vermin control, standpipes and subdivisions

OTHER PROPERTY AND SERVICES

Administration of private works operations, private works overheads, materials, salaries and wages, plant repairs and operation costs. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all the works and services undertaken by Council.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Grant/Contribution	Function/ Activity	Opening		Received (+)	Expended (#)	Closing		Received (+)	Expended (#)	Closing	
			Balance (*)	1-Jul-10	2010/11	2010/11	Balance (*)	30-Jun-11	2011/12	2011/12	Balance	30-Jun-12
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	Landcorp Sponsorship - Early Learning Centre	8		24,270	0	(24,270)	0	0	0	0	0	0
	LotteryWest - Fit Out - DDC	11		0	141,905	(141,905)	0	0	0	0	0	0
	DRD&L - Colocation Grant - DDC	11		0	20,000	(20,000)	0	0	0	0	0	0
	Community Culture and Arts Facilities Fund - DDC	11		0	40,000	(40,000)	0	0	0	0	0	0
	Landcorp Sponsorship - James St Fitness Park	11		35,000	0	0	35,000	0	0	(35,000)	0	0
	CSRFF - Dalwallinu Bowling Club	11		0	90,000	(90,000)	0	0	0	0	0	0
	RLCIP Funding - Dalwallinu Hall Lighting/Sound	11		0	30,000	(30,000)	0	0	0	(30,000)	0	0
	RLCIP Funding - Nugandong Airstrip Upgrade	12		30,000	0	(107,415)	0	0	0	0	0	0
	RADS Funding - Nugandong Airstrip Upgrade	12		0	107,415	(65,729)	0	0	0	0	0	0
	RASP Funding - Nugandong Airstrip Upgrade	12		0	65,729	(9,967)	0	0	0	0	0	0
	R4R (DAF) - Regional Dogger Project	13		0	24,150	(8,784)	14,183	30,967	(36,730)	0	8,420	0
	DAF - Dry Season Assistance Scheme	13		0	20,000	0	11,216	0	(11,216)	(112,342)	393,584	0
	Regional Housing - R4R	13		0	0	0	0	505,926	(112,342)	0	21,121	0
	Exploring Wildflower Country	13		0	0	0	0	21,121	0	0	60,000	0
	Contribution for landscaping subdivision	13		0	0	0	0	60,000	0	0	327,280	0
	Dungray Road Project - R4R	13		0	0	0	0	327,280	0	0	444,735	0
	South Street Project - R4R	13		0	0	0	0	444,735	0	0	1,255,140	0
	Total		89,270	539,199	(538,070)	90,399	1,390,029	(225,288)	1,255,140	1,255,140	1,255,140	1,255,140

Notes:

- (*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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

	2012 \$	2011 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	321,622	1,008,019
Restricted	4,086,687	1,589,034
	<u>4,408,309</u>	<u>2,597,053</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	181,486	169,767
Plant Reserve	206,547	66,889
Joint Venture Housing Reserve	145,549	136,150
Land & Building Reserve	711,153	126,357
Sewerage Reserve	375,110	313,330
Johnston St, Dalwallinu Reserve	0	110,701
Townscape Reserve	23,726	22,194
Pithara Hall Reserve	22,597	21,138
Telecommunications Reserve	50,000	
Unspent Grants as per note 2(c)	1,255,140	90,399
Unspent Grants from FAGS	1,115,379	532,109
Unspent Loans	0	0
	<u>4,086,687</u>	<u>1,589,034</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	57,862	52,337
Sundry Debtors	454,969	92,033
<i>less provision for Doubtful Debts</i>	(26,197)	(26,197)
GST Receivable	0	0
Loans - Clubs/Institutions	19,573	18,347
	<u>506,207</u>	<u>136,520</u>
Non-Current		
Rates Outstanding - Pensioners	0	0
Loans - Clubs/Institutions	60,668	79,997
	<u>60,668</u>	<u>79,997</u>
5. INVENTORIES		
Current		
Fuel and Materials	20,377	19,858
Medical Centre Stock	0	32,872
	<u>20,377</u>	<u>52,730</u>
Non-Current		
Nil	0	0
	<u>0</u>	<u>0</u>

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

	2012 \$	2011 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	17,967,213	17,711,987
Less Accumulated Depreciation	<u>(4,927,187)</u>	<u>(4,498,156)</u>
	13,040,026	13,213,831
 Furniture and Equipment - Cost	 1,001,098	 930,019
Less Accumulated Depreciation	<u>(739,853)</u>	<u>(689,075)</u>
	261,245	240,944
 Plant and Equipment - Cost	 5,027,752	 4,994,744
Less Accumulated Depreciation	<u>(2,700,201)</u>	<u>(2,643,990)</u>
	2,327,551	2,350,754
 Plant and Equipment Under Lease	 0	 0
Less Accumulated Amortisation	<u>0</u>	<u>0</u>
	0	0
	 <u>15,628,822</u>	 <u>15,805,529</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Buildings & Improvements \$	Plant & Equipment \$	Furniture & Equipment \$	Total \$
Balance as at the beginning of the year	694,999	12,518,832	2,350,754	240,944	15,805,529
Additions	18,599	332,290	559,215	72,981	983,085
(Disposals)	(97,563)	0	(98,159)		(195,722)
Revaluation - Increments - (Decrements)					0 0
Impairment - (Losses) - Reversals					0 0
Depreciation (Expense)	0	(429,031)	(484,260)	(50,779)	(964,070)
					0
Carrying amount at the end of year	<u>616,035</u>	<u>12,422,091</u>	<u>2,327,550</u>	<u>263,146</u>	<u>15,628,822</u>

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

	2012 \$	2011 \$
7. INFRASTRUCTURE		
Roads - Management Valuation 2012	124,043,845	
Roads - Management Valuation 2011	0	122,465,602
Roads - Cost	2,094,095	1,578,243
Less Accumulated Depreciation	<u>(25,427,915)</u>	<u>(24,036,094)</u>
	100,710,025	100,007,751
 Other Infrastructure - cost	 2,816,789	 2,238,147
Other Movements	0	0
Other Infrastructure - additions	173,613	578,642
Less Accumulated Depreciation	<u>(1,009,098)</u>	<u>(882,590)</u>
	1,981,304	1,934,199
 Parks & Ovals - Management Valuation 2007	 165,066	 165,066
Parks & Ovals - cost	0	0
Less Accumulated Depreciation	<u>(44,131)</u>	<u>(39,684)</u>
	120,935	125,382
 Gardens - Cost	 <u>103,575</u>	 <u>103,575</u>
	<u>102,915,839</u>	<u>102,170,907</u>

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

This policy also accords with AASB 116.

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Other Infrastructure \$	Parks and Ovals \$	Gardens \$	Total \$
Balance at the beginning of the year	100,007,751	1,934,199	125,382	103,575	102,170,907
Additions	2,094,095	173,613	0	0	2,267,708
(Disposals)	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation (Expense)	(1,391,821)	(126,508)	(4,447)	0	(1,522,776)
					0
Carrying amount at the end of year	<u>100,710,025</u>	<u>1,981,304</u>	<u>120,935</u>	<u>103,575</u>	<u>102,915,839</u>

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

	2012 \$	2011 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	606,782	211,012
Other current liabilities	62,604	60,051
Accrued Interest on Debentures	27,479	31,188
Accrued Salaries and Wages	70,540	56,052
	<u>767,405</u>	<u>358,303</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>99,645</u>	<u>94,058</u>
	<u>99,645</u>	<u>94,058</u>
Non-Current		
Secured by Floating Charge Debentures	<u>1,416,616</u>	<u>1,516,262</u>
	<u>1,416,616</u>	<u>1,516,262</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	183,703	189,487
Provision for Long Service Leave	188,428	167,642
	<u>372,131</u>	<u>357,129</u>
Non-Current		
Provision for Long Service Leave	<u>54,618</u>	<u>55,682</u>
	<u>54,618</u>	<u>55,682</u>

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

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	169,767	169,767	160,622
Amount Set Aside / Transfer to Reserve	11,719	10,186	9,145
Amount Used / Transfer from Reserve	0	0	0
	<u>181,486</u>	<u>179,953</u>	<u>169,767</u>
(b) Plant Reserve			
Opening Balance	66,889	66,889	63,285
Amount Set Aside / Transfer to Reserve	139,658	4,013	3,604
Amount Used / Transfer from Reserve	0	0	0
	<u>206,547</u>	<u>70,902</u>	<u>66,889</u>
(c) Joint Venture Housing Reserve			
Opening Balance	136,150	136,150	118,017
Amount Set Aside / Transfer to Reserve	9,399	8,169	18,133
Amount Used / Transfer from Reserve	0	(3,688)	0
	<u>145,549</u>	<u>140,631</u>	<u>136,150</u>
(d) Land & Building Reserve			
Opening Balance	126,357	126,357	74,559
Amount Set Aside / Transfer to Reserve	584,796	382,566	51,798
Amount Used / Transfer from Reserve	0	0	0
	<u>711,153</u>	<u>508,923</u>	<u>126,357</u>
(e) Sewerage Scheme Reserve			
Opening Balance	313,330	313,330	246,225
Amount Set Aside / Transfer to Reserve	21,630	18,800	67,105
Amount Used / Transfer from Reserve	40,150	(34,860)	0
	<u>375,110</u>	<u>297,270</u>	<u>313,330</u>
(f) Johnston Street, Dalwallinu Reserve			
Opening Balance	110,701	110,701	104,740
Amount Set Aside / Transfer to Reserve	7,642	6,642	5,961
Amount Used / Transfer from Reserve	(118,343)	(117,343)	0
	<u>0</u>	<u>0</u>	<u>110,701</u>
(g) Townscape Reserve			
Opening Balance	22,194	22,194	20,996
Amount Set Aside / Transfer to Reserve	1,532	1,332	1,198
Amount Used / Transfer from Reserve	0	0	0
	<u>23,726</u>	<u>23,526</u>	<u>22,194</u>

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

	2012 \$	2012 Budget \$	2011 \$
11. RESERVES - CASH BACKED (cont)			
(h) Pithara Hall Reserve			
Opening Balance	21,138	21,138	20,000
Amount Set Aside / Transfer to Reserve	1,459	1,268	1,138
Amount Used / Transfer from Reserve	0	0	0
	<u>22,597</u>	<u>22,406</u>	<u>21,138</u>
(i) Telecommunications Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	50,000	50,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>50,000</u>	<u>50,000</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>1,716,168</u>	<u>1,293,611</u>	<u>966,526</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:

Leave Reserve

- to be used to fund annual and long service leave requirements.

Plant Reserve

- to be used for the purchase of major plant.

Joint Venture Housing Reserve

- to be used for long term maintenance & construction of joint venture housing.

Land & Building Reserve

- to be used for the purchase/construction of land/buildings.

Sewerage Scheme Reserve

- to be used for the maintenance & replacement of the Sewerage Scheme.

Townscape Reserve

- to be used for future townscaping projects within the Shire.

Pithara Hall Reserve

- to be used for works upon Pithara Hall.

Telecommunications Reserve

- to be used to leverage enhanced telecommunications capabilities within the Shire.

The Leave, Plant, Joint Venture Housing, Land & Building, Sewerage Scheme and Townscape Reserves are not expected to be used within a set period as further transfers to these reserve accounts are expected as funds are utilised.

The Johnston Street, Dalwallinu Reserve was closed in 2011/12.

The Pithara Hall Reserve is to be closed in 2012/13.

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

12. RESERVES - ASSET REVALUATION	2012	2011
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	3,679,953	3,679,953
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>3,679,953</u>	<u>3,679,953</u>
(b) Plant & Equipment		
Opening Balance	37,125	37,125
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>37,125</u>	<u>37,125</u>
(c) Furniture & Fittings		
Opening Balance	195	195
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>195</u>	<u>195</u>
(d) Roads		
Opening Balance	76,796,289	71,617,945
Revaluation Increment	0	5,178,344
Revaluation Decrement	0	0
	<u>76,796,289</u>	<u>76,796,289</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>80,513,562</u></u>	<u><u>80,513,562</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>4,408,309</u>	<u>1,374,552</u>	<u>2,597,053</u>

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

Net Result	2,368,505	(98,380)	1,467,166
Adjustment for Allocations *	0	(1,245,804)	0
Depreciation	2,486,846	2,184,273	2,218,553
(Profit)/Loss on Sale of Asset	(84,271)	(138,859)	(57,016)
(Increase)/Decrease in Receivables	(368,462)	39,588	189,949
(Increase)/Decrease in Inventories	32,353	5,000	(1,382)
Increase/(Decrease) in Payables	405,051	19,500	18,051
Increase/(Decrease) in Employee Provisions	13,937	9,566	39,841
Grants/Contributions for the Development of Assets	<u>(1,934,214)</u>	<u>(951,849)</u>	<u>(1,354,020)</u>
Net Cash from Operating Activities	<u>2,919,745</u>	<u>(176,965)</u>	<u>2,521,142</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	5,000	5,000
Credit Card Balance at Balance Date	<u>(3,041)</u>	<u>(2,777)</u>
Total Amount of Credit Unused	<u>1,959</u>	<u>2,223</u>

Loan Facilities

Loan Facilities - Current	99,645	94,058
Loan Facilities - Non-Current	<u>1,416,616</u>	<u>1,516,262</u>
Total Facilities in Use at Balance Date	<u>1,516,261</u>	<u>1,610,320</u>

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

14. CONTINGENT LIABILITIES

As at the balance date, there were no significant actions pending against the Shire.

15. CAPITAL AND LEASING COMMITMENTS	2012	2011
	\$	\$
(a) Finance Lease Commitments		
The Shire does not have any finance lease commitments as at 30 June 2011.		
(b) Operating Lease Commitments		
The Shire does not have any operating lease commitments as at 30 June 2011.		
(c) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	530,428	0
- plant & equipment purchases	0	0
Payable:		
- not later than one year	530,428	0

The capital expenditure project outstanding at the end of the current reporting period represents the construction of 3 2 bedroom units in Dowie Street and a 4x2 executive house in Dungey Road.

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

16. JOINT VENTURE

The Shire together with the Department of Housing have a joint venture arrangement with regards to the provision of five houses in Dalwallinu and one in Kalannie. The Shire provided the land and have a joint agreement for use and maintenance on the constructed houses.

This Shire's share of the houses is included in "Buildings and Improvements" as follows;

	2012	2011
	\$	\$
Non-Current Assets		
Buildings & Improvement	190,119	183,672
Less: Accumulated Depreciation	(47,434)	(43,416)
	<u>142,685</u>	<u>140,256</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	295,839	2,506,967
General Purpose Funding	59,208	52,351
Law, Order, Public Safety	64,637	85,545
Health	521,395	725,782
Education and Welfare	69,661	75,697
Housing	937,176	1,076,204
Community Amenities	875,586	952,481
Recreation and Culture	8,556,679	8,546,086
Transport	102,457,976	101,776,335
Economic Services	3,084,070	1,322,868
Other Property and Services	4,591,083	2,328,537
Unallocated	2,026,912	1,393,883
	<u>123,540,222</u>	<u>120,842,736</u>

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

	2012	2011	2010
18. FINANCIAL RATIOS			
Current Ratio	0.832	1.844	2.217
Untied Cash to Unpaid Trade Creditors Ratio	0.530	4.777	3.973
Debt Ratio	0.022	0.020	0.021
Debt Service Ratio	0.020	0.023	0.020
Gross Debt to Revenue Ratio	0.161	0.247	0.249
Gross Debt to Economically Realisable Assets Ratio	0.012	0.086	0.089
Rate Coverage Ratio	0.268	0.307	0.274
Outstanding Rates Ratio	0.022	0.022	0.031

The above ratios are calculated as follows:

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

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

19. TRUST FUNDS

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

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
DPI Licensing Fees	7,291	1,513,007	(1,502,685)	17,613
St John Ambulance Memberships	80	2,355	(2,060)	375
BCITF Levy	93	8,183	(8,276)	0
BRB Levy	36	645	(681)	0
Mainly Mutton Cookbooks	0	10	(10)	0
Raffle Tickets	3	0	0	3
Nomination Fees	0	480	0	480
Hall Hire Bonds	990	0	0	990
Key Deposits	730	0	0	730
Building Service Levy	0	481	(481)	0
Housing Bonds	9,094	5,388	(4,306)	10,176
75 Stories Book	0	30	0	30
Trails, Trials and Triumphs Book	60	0	0	60
Story of Kalannie Book	48	48	(96)	0
Pioneer to Progress Book	0	40	0	40
Pioneer House Donations	10,076	0	0	10,076
Miscellaneous Deposits Held	2,560	145	(145)	2,560
5 Graves in Dalwallinu Book	0	100	(80)	20
	<u>31,061</u>	<u>1,530,912</u>	<u>(1,518,820)</u>	<u>43,153</u>

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

20. DISPOSALS OF ASSETS - 2011/12 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						
09 Commodore Sportswagon (DL186)	19,361	17,700	18,182	21,000	(1,179)	3,300
10 Ford Focus XR5 (DL492)	22,208	21,240	19,091	15,000	(3,117)	(6,240)
Health						
Ford Territory AWD Wagon (DL89)	9,747	13,816	15,345	17,000	5,598	3,184
Transport						
07 Iveco AT1435 12T Tipper (DL2478)	43,938	47,386	90,000	130,000	46,062	82,614
05 Canter 3.5T Crew Cab Truck (DL420)	0	0	18,200	15,000	18,200	15,000
04 Hino Ranger 5T Tipper (DL159)	0	0	0	30,000	0	30,000
06 Ford Courier Tray Back Ute (DL747)	0	0	7,273	5,000	7,273	5,000
06 Ford Courier Tray Back Ute (DL194)	0	0	5,454	5,000	5,454	5,000
07 Ford Ranger Tray Back Ute (DL275)	2,905	3,808	7,273	5,000	4,368	1,192
08 Toyota Aurion (DL131)	0	10,191	0	10,000	0	(191)
Fermec Loader (DL80)	0	0	10,260	0	10,260	0
Ford Trader (DL024)	0	0	6,364	0	6,364	0
Economic Services						
3 Deacon Street Dalwallinu	26,300	0	27,080	0	780	0
Lot 9001 Deacon Street Dalwallinu	60,308	0	39,574	0	(20,734)	0
23 McNeill St, Dalwallinu (Vacant Land)	10,955	0	15,897	0	4,942	0
	195,722	114,141	279,993	253,000	84,271	138,859

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 156 - Staff Housing	377,172		38,863	38,864	338,309	338,308	19,336	20,030
Community Amenities								
Loan 64 - Sewerage Scheme	208,837		7,415	7,415	201,422	201,422	20,062	20,392
Recreation & Culture								
Loan 157 - Dalwallinu Discovery Centre	942,429		31,283	31,283	911,146	911,146	53,411	53,655
Loan 158 - Dalwallinu Sports Club *	81,882		16,497	16,497	65,385	65,385	4,233	4,362
	1,610,320	0	94,058	94,059	1,516,262	1,516,261	97,042	98,439

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2011/12

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Nil										

(c) Unspent Debentures
As at 30 June 2012, the Shire did not have any unspent loans.

(d) Overdraft
The Shire does not currently have an overdraft facility.

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

22. RATING INFORMATION - 2011/12 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 \$
General Rate											
GRV	9.0446	256	2,466,592	223,094	(507)	27	222,614	223,094			223,094
UV - Rural	1.7927	408	126,646,447	2,270,391			2,270,391	2,270,391			2,270,391
UV - Mining	1.7927	7	149,985	2,689			2,689	2,689			2,689
Sub-Totals		671	129,263,024	2,496,174	(507)	27	2,495,694	2,496,174	0	0	2,496,174
Minimum Rates	Minimum \$										
GRV - Dalwallinu	573	177	868,009	101,421			101,421	99,702			99,702
GRV - Kalannie	445	11	23,359	4,895			4,895	4,895			4,895
GRV - Other Towns	255	24	13,107	6,120			6,120	6,375			6,375
UV - Rural	255	31	129,214	7,905			7,905	7,905			7,905
UV - Mining	255	15	89,000	3,825			3,825	3,825			3,825
Sub-Totals		258	1,122,689	124,166	0	0	124,166	122,702	0	0	122,702
Ex-Gratia Rates											
Specified Area Rate (refer note 23)							2,619,860				2,618,876
											0
											0
Discounts (refer note 25)							2,619,860				2,618,876
							(110,127)				(117,849)
Totals							2,509,733				2,501,027

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

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(b) Information on Surplus/(Deficit) Brought Forward	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
Surplus/(Deficit) 1 July 2011 Brought Forward	<u>1,530,366</u>	<u>1,530,366</u>
<u>Comprises:</u>		
Cash - Unrestricted	1,630,527	1,630,527
Cash - Restricted	966,526	966,526
Investments - Restricted	0	0
Rates - Current	52,337	52,337
Sundry Debtors	65,358	65,358
Accrued Income/Payments in Advance	477	477
GST Receivable	0	0
Inventories		
- Fuel and Materials	52,730	52,730
<u>Less:</u>		
Reserves - Restricted Cash		
- Leave Reserve	(169,767)	(169,767)
- Plant Reserve	(66,889)	(66,889)
- Joint Venture Reserve	(136,150)	(136,150)
- Land & Building Reserve	(126,357)	(126,357)
- Sewerage Reserve	(313,330)	(313,330)
- Johnston Street Reserve	(110,701)	(110,701)
- Townscape Reserve	(22,194)	(22,194)
- Pithara Hall Reserve	(21,138)	(21,138)
Reserves - Restricted Investments		
- Building Reserve		
Sundry Creditors	(211,012)	(211,012)
Income in Advance	(17,712)	(17,712)
GST Payable	(42,339)	(42,339)
Surplus/(Deficit)	<u><u>1,530,366</u></u>	<u><u>1,530,366</u></u>

Difference:

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

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

23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

The Shire of Dalwallinu did not levy a specified area rate in the year ended 30 June 2012.

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

The Shire of Dalwallinu did not impose any service charges in the year ended 30 June 2012.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	117,849	110,127
			117,849	110,127
Photocopy Charge	Waiver		154	250
Debtor Write-Off	Write-Off		147	0
Rate Assessment	Write-Off		795	0

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.

Photocopy Charges are waived for certain community groups such as St John Ambulance, Volunteer Bush Fire Brigades & Dalwallinu and Districts Tourism Committee. Council considers its support of these groups necessary for the overall benefit of the community.

An outstanding debt was written off during the year when the Shire was notified by a debtor's receiver that unsecured creditors would not be receiving any payment.

26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	8,006	5,000
Interest on Instalments Plan	5.50%	N/A	4,501	3,000
Charges on Instalment Plan	N/A	6.67	2,234	2,000
			14,741	10,000

Ratepayers had the option of paying rates in four equal instalments, due on 19th August 2011, 19th October 2011, 19th December 2011 and 20th February 2012. Administration charges and interest applied for the final three instalments.

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

27. FEES & CHARGES	2012	2011
	\$	\$
Governance	69,417	63,120
General Purpose Funding	4,304	4,081
Law, Order, Public Safety	3,619	2,073
Health	625,364	680,346
Education and Welfare	1	1
Housing	87,222	77,512
Community Amenities	351,063	337,555
Recreation and Culture	53,059	42,980
Transport	23,062	31,645
Economic Services	168,886	143,351
Other Property and Services	74,732	60,088
	<u>1,460,729</u>	<u>1,442,752</u>

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

28. GRANT REVENUE

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

	2012	2011
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	3,171,943	2,360,171
Non-Operating Grants, Subsidies and Contributions	1,934,214	1,354,020
	<u>5,106,157</u>	<u>3,714,191</u>
By Program:		
Governance	21,484	16,547
General Purpose Funding	2,672,089	2,024,611
Law, Order, Public Safety	30,570	26,110
Health	11,400	3,145
Education and Welfare	851	1,041
Housing	9,333	9,496
Community Amenities	3,332	1,563
Recreation and Culture	44,443	491,835
Transport	1,154,553	1,064,089
Economic Services	1,101,067	48,443
Other Property and Services	57,035	27,311
	<u>5,106,157</u>	<u>3,714,191</u>

29. ELECTED MEMBERS REMUNERATION	2012	2012	2011
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	13,410	11,600	7,860
President's Allowance	7,500	7,500	5,000
Deputy President's Allowance	1,500	1,500	0
Travelling Expenses	11,118	11,000	6,078
Telecommunications Allowance	0	0	0
	<u>33,528</u>	<u>31,600</u>	<u>18,938</u>

30. EMPLOYEE NUMBERS	2012	2011
The number of full-time equivalent employees at balance date	<u>36</u>	<u>39</u>

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

31. MAJOR LAND TRANSACTIONS

The Shire of Dalwallinu did not take part in any major land transactions in the year ended 30 June 2012.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	4,408,309	2,597,053	4,408,309	2,597,053
Receivables	506,207	136,520	506,207	136,520
	<u>4,914,516</u>	<u>2,733,573</u>	<u>4,914,516</u>	<u>2,733,573</u>
Financial Liabilities				
Payables	767,405	358,303	767,405	358,303
Borrowings	1,516,261	1,618,437	1,285,478	1,331,219
	<u>2,283,666</u>	<u>1,976,740</u>	<u>2,052,883</u>	<u>1,689,522</u>

Fair value is determined as follows:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Shire of Dalwallinu only invests in Term Deposit type accounts with a bank registered as a deposit taking institution with APRA

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

As the only investment option used by the Shire of Dalwallinu is term deposits with banks registered with APRA (which are subject to the Australian Government Bank Deposit Guarantee) the investments are not subject to any form of credit risk.

	2012	2011
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	35,027	21,637
- Statement of Comprehensive Income	35,027	21,637

Notes:

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

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2012	2011
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	7.73%	33.69%
- Overdue	92.27%	66.31%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

2012

Payables	767,405	0	0	767,405	767,405
Borrowings	191,603	926,803	1,057,528	2,175,934	1,516,261
	<u>959,008</u>	<u>926,803</u>	<u>1,057,528</u>	<u>2,943,339</u>	<u>2,283,666</u>

2011

Payables	358,303	0	0	358,303	358,303
Borrowings	191,603	926,803	1,144,229	2,262,635	1,610,320
	<u>549,906</u>	<u>926,803</u>	<u>1,144,229</u>	<u>2,620,938</u>	<u>1,968,623</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2012								
Payables								
Borrowings								
Fixed Rate								
Debentures				65,385	1,450,876		1,516,261	6.24%
Weighted Average Effective Interest Rate				5.62%		6.27%		
Year Ended 30 June 2011								
Payables								
Borrowings								
Fixed Rate								
Debentures				81,882	1,528,438		1,610,320	6.22%
Weighted Average Effective Interest Rate				5.62%		6.26%		



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Unit 8 / 7 Hector Street, Osborne Park WA 6017

PO Box 1357, Osborne Park WA 6916

Phone: (08) 9445 9955 Fax: (08) 9445 9966

ABN 59 125 425 274

Website: www.amwaudit.com.au

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF DALWALLINU

Scope

We have audited the financial report of Shire of Dalwallinu for the year ended 30 June 2012. The financial report comprises the Statement by Chief Executive Officer, Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and accompanying notes to the financial statements.

The Council is responsible for the preparation of a financial report which provides a true and fair view of the financial performance and position of the council in accordance with the Local Government Act 1995, and Regulations. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for accounting policies and estimates inherent to the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the electors of the Shire of Dalwallinu. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995, and Regulations, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Council's financial position, and of their performance which is represented by the results of operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence, supporting the amounts and disclosures in the financial report.
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of managements internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions were accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the executive and management of the Shire of Dalwallinu.

Independence

Anderson Munro & Wyllie are independent of the Shire of Dalwallinu, and have met the independence requirements of Australian professional ethical pronouncements and the Local Government Act 1995.

The audit opinion expressed in this report has been formed on the above basis.



Audit Opinion

In our opinion the financial statements of the Shire of Dalwallinu are properly drawn up:

- a) So as to give a true and fair view of the state of affairs of the Shire as at 30 June 2012 and the results of its operations and cash flows for the year then ended;
- b) In accordance with the requirements of the Local Government Act 1995; and
- c) In Accordance with Applicable Australian Accounting Standards.

Other Matters

We noted the following instance of non-compliance with the Local Government Act 1995, and its Regulations.

- S 7.9 (1) the Auditor's report for 2010/2011 was not received by the local government by 31 December 2011

Statutory Compliance

- a) Except for the issues identified in the above other matters paragraph, we did not during the course of the audit, become aware of any other instances where the Council did not comply with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.
- b) There were no material or significant adverse trends in financial position or financial management practices revealed during the course of our audit.
- c) We have obtained all necessary information and explanations in relation to our audit.
- d) Our audit procedures were all satisfactorily completed.

Dated the 30th day of November 2012 in Perth, Western Australia

AMW (AUDIT) PTY LTD

BILLY-JOE THOMAS
Director

ANDERSON MUNRO & WYLLIE
ANDERSON MUNRO & WYLLIE
Chartered Accountants