



Shire of Halls Creek

Annual Report

For Year Ended 30 June 2013

TABLE OF CONTENTS

1.0 President's Report.....	3
2.0 Chief Executive Officer's Report	5
3.0: Statutory Reports	
3.1 National Competition Policy	9
3.2 Disability Services Act	9
3.3 Records Management and State Records Act.....	10
3.4 Plan for the Future	10
3.5 Employee Remuneration Information	11
3.6 Freedom of Information Statement	11
3.7 Register of Complaints	12
4.0: Annual Financial Report	
Statement by Chief Executive Officer	13
Statement of Comprehensive Income by Program.....	14
Statement of Comprehensive Income by Nature/Type	15
Statement of Financial Position	16
Statement of Changes of Equity.....	17
Statement of Cash Flows	18
Rates Setting Statement	19
<u>Notes</u>	
1 Statement of Objectives	20
2 Significant Accounting Policies	22
3 Revenue and Expenses.....	35
4 Cash and Cash Equivalents	36
5 Trade and Other Receivables	36
6 Inventories	36
7 Works in Progress	36
8 Plant Property and Equipment	37
9 Trade and Other Payables	40
10 Provisions.....	40
11 Long Term Borrowings.....	40
12 Reserves	41
13 Economic Dependency and Grants	45
14 Notes to the Statement of Cash Flows	47
15 Capital Leasing and Commitments	48
16 Trust Funds	49
17 Total Assets classified by function	49
18 Financial Ratios	50
19 Long Term Borrowings (detailed)	51
20 Rating Information	52
21 Specified Area Rate	53
22 Service Charges	53
23 Discounts, Incentives, Concessions and Write-offs	53
24 Interest Charges and Instalments	53
25 Grant Revenue	54
26 Fees and Charges	54
27 Councillors Remuneration	55
28 Employees Remuneration	55
29 Employee Numbers	55
30 Major Land Transactions	55
31 Major Trading Undertakings.....	55
32 Net Current Assets	56
33 Disposal and Replacement of Assets	57
34 Financial Risk Management.....	59
Financial Ratios (Additional).....	62
Independent Audit Report	63

1.0 PRESIDENT'S REPORT

The 2012-2013 financial year has seen continuing pressures on the Shire of Halls Creek (and on local governments generally) arising from the pressures of local government reform, and from falling revenues (each of the local governments of the Kimberley Region having lost approximately \$1M per annum in Financial Assistance Grants).

Like most local governments within WA, the Shire of Halls Creek completed and adopted the "first cut" of its new "Integrated Planning Framework" documents before the statutory deadline of 30 June. Also like most local governments, the resulting documents are in need of revision and refinement as the resources didn't really exist to do a good job within the time allowed. So the Community Strategic Plan is already being reviewed, well ahead of the next deadline.

A number of works were completed throughout the review period – the Duncan Road was sealed as far as the Halls Creek Workers' Hostel, and a sealed road was provided to the Nicholson Block community. This latter project was the culmination of several years' work in terms of acquiring land for a road reserve as well as design.

The Shire has continued in its campaign to upgrade the Tanami Road to sealed highway standard, and we are grateful for the support from the other local governments of the Kimberley Region and of the Northern Territory's Red Centre, as well as from the Kimberley and Northern Territory committees of Regional Development Australia, Chambers of Commerce and tourism groups throughout the region, and numerous industry representative groups. During the course of the year, the "Tanami Action Group" was formed under the auspice of the Central Kimberley Chamber of Commerce. This is a huge step forward in ramping up the effort to have this important road upgraded, and we're grateful to the Central Kimberley Chamber of Commerce for assisting by forming the group, and especially to Mr Phillip Hams of Gogo Station for agreeing to be the Tanami Action Group's Chairperson.

The Shire of Halls Creek and the Tanami Action Group have undertaken a number of actions during the year; including speaking at conferences and networking with like-minded organisations and individuals (politicians in particular).

This year we also produced a brochure promoting tourism along the Tanami Road, which was an outstanding project going back to before the time of the current administration.

The Halls Creek Arts Centre project progressed slowly throughout the year. A funding agreement from the Department and Regional Development and Lands was signed off in June 2012; however, it took a further two or three months before the Department eventually signed off on a revised version of the funding agreement. A Steering Committee comprising members from the Shire, Yarliyl Arts AC and the Kimberley Regional Development Commission was formed to provide design and other input to the project, and Peter Teakle and Associates, Architectural Draughtspersons, were engaged to assist with the design and preparation of the tender documents.

Although progress throughout the review period was quite slow, tenders have subsequently been invited and received, and I anticipate that a contract for construction will be awarded at the December 2013 Council meeting and that construction will be completed by 30 June 2014 (by which date the funding must be acquitted).

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

We were able to attract 120 expressions of interest in the position, which converted to almost 60 applications and a very strong short-list of applicants. The selection process was long and rigorous, and was not completed until the August Council meeting when the Council resolved to appoint Mr Rodger Kerr-Newell to be the new Chief Executive Officer commencing on 17 December 2013.

I am very pleased that we have been able to recruit a new CEO of Rodger's calibre, and we should be grateful:

- To the Salaries and Allowances Tribunal, for taking on board the issues made to it by the Shire of Halls Creek in our 2012 submission and bringing down a determination that assisted us in attracting such a high-calibre field of applicants
- To the departing CEO, Mr Warren Olsen, for the professional manner in which he guided the Council through the whole recruitment process
- To the Council for its conscientiousness and commitment to the process, and for its willingness to provide sufficient resources to ensure that the process worked well, first time.
- To the numerous contractors/consultants who were involved in various aspects of the recruitment process.

Mr Kerr-Newell has already commenced as "CEO Designate", and as this report is being written he and Mr Olsen are enjoying a 4-week "handover period" that we believe will result in an almost seamless transition from current CEO to the new. So we are grateful to Mr Olsen not only for his six years' service to the Shire but also for giving us sufficient notice of his retirement to facilitate an orderly recruitment process and handover.

I am grateful all Councillors for their work and support throughout 2012-2013, particularly to former Councillors Siobhan Casson and Sciona Browne who both served on the Council from 2009 until the October 2013 election, especially Sciona Browne who served as Shire President from October 2011 until October 2012, and as Deputy President from October 2012.

I welcome the new Councillors who were elected at the October 2013, I welcome the new CEO and the other new staff who have commenced their careers with the Shire of Halls Creek during or since the review period, and I look forward to working with you all to improve Halls Creek.



Cr Malcolm Edwards
Shire President

Shire of Halls Creek Annual Report for Year Ended 30 June 2013
2.0 CHIEF EXECUTIVE OFFICER'S REPORT

Another financial year has come and gone; as in the past, I am grateful for the continuing support of the Councillors and staff.

Another set of financial statements have been prepared, and are presented in this Annual Report along with the Auditor's Report to the electors of the District. Once again, I am particularly indebted to Deputy Chief Executive Officer Andrea Nunan – firstly for withdrawing her resignation in October 2012 and staying with us throughout 2012-2013; secondly for her conscientious work throughout the period.

It is with sadness that I advise that Andrea has subsequently left the Shire after 8 years' service to take on the position of Chief Executive Officer at the Shire of Wiluna; she has left with our best wishes and our confidence that she will do an excellent job in her new position.

Other staff who left during the year included Accounts Supervisor Chris Rumble, so Andrea once again carried a heavy burden of accounting. I'm also once again indebted to Keith Anderson for his assistance, particularly in preparation of the end-of-year financial statements.

Michelle De Saily left during the year and was replaced by Heather Perkins as Secretarial Services Officer; Frances Edmeades left the Visitors Centre and was replaced by Sunil Sudhan and Daniel Bodie; Michelle Martin was replaced as Community Engagement Officer by Darrilyn Gordon and as Youth Services Team Leader by Jake Hay.

Our long-serving Youth Development Officer of Billiluna, Fiona Sproule, resigned at the end of the reporting period and finished up shortly thereafter. Cobina Crawford moved in from Mulan to take up the Youth Services Coordinator position. A new youth services team was recruited, with the team currently comprising Nick Cleghorn, Kagasi Bapaphi, Nicholas Ferguson, Edem Edusai and Tamara Ritchie.

Lara Wilde took up the position of Economic Development Officer and immediately began making a difference; in addition to business support, Lara acted as a catalyst for revitalisation of the Chamber of Commerce, initiated a successful programme of "business after hours" event, and breathed new life into our Tanami Road campaign.

The Executive Management Team was strengthened by the recruitment of Sterling Bonython-Romanov as Manager Corporate Services, who commenced in December 2012. Records Manager David Povey finished then.

Accounts Officer Raj Chopra was tragically killed in a motor accident at New Year; in due course Kelvin Wong was recruited as Accounts Officer.

Rosmaria Eastman, Daniel Milkins, Jessica Streatfield and Theresa Polkinghorne continued in their roles and brought stability to the Corporate Services team at a time when that department has experienced considerable change. Following my retirement at the end of 2013, Rosmaria and Daniel will become the Shire's 2nd and 3rd longest-serving employees (after Mario Jazyk); they are the holders of much corporate knowledge.

The Corporate Services team was complemented by the appointment of Ludia Withers on transfer from the Visitors Centre, where Ludia has served since April 2010.

Sterling has proven to be an able manager who has demonstrated considerable flexibility, which has been an admirable trait in the context of the changes and under-resourcing in his department.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

He has also taken on the role of network administrator for our corporate IT network, and management of our IT support contract with Fourier. This has involved a lot of work as a consequence of a server-room fire at the end of the reporting period. The fire-rated ceiling installed in 2008 contained the fire within the server-room until it was extinguished, but all equipment has had to be replaced (for which we were well insured).

Subsequent to the end of the reporting period, Teresa Foster has been recruited to the position of Manager Finance and Accounting Services, and she looks forward to commencing early in 2014.

Manager Health and Regulatory Services Phil Denniston resigned effective January 2013, and Snr EHO Musa Mono was promoted to replace him. The consequential vacancies were filled by Steven Bai and Hannah Davis.

Rangers Kyle Cameron and Craig Walker and Environmental Health Worker Sameya Woodhouse continued in their roles in the Regulatory Services Department; Kyle has more than four years' service with the Shire while both Craig and Sameya have more than 3 years' in their current jobs (and Sameya previously worked in the town crew).

The Health and Regulatory Services Department has been working very well under Musa's management; health programs are being delivered, waste management services are working well, animals are healthier and well-controlled, anti-littering programs are under way, development and building approvals are being processed in a timely manner.

The Health and Regulatory Services Department has been supported in its land use planning function by Whelans town planning consultants. In addition to reporting on development applications, Whelans have also been engaged to undertake a review of the local planning strategy, and a review of the Town Plan. Both of these projects made some progress in 2012-2013 but had not been completed by the end of the reporting period.

Infrastructure Assets Manager Angela Hoy, who took up this newly-created position shortly before the commencement of the reporting period after serving as "Property Management Officer" since July 2011, has performed outstandingly. She has delivered 6 new staff dwellings (with 2 more currently under construction), a new ablutions block (now almost completed), a whole lot of flood damage roadworks, two crossing reconstructions, a road maintenance program, a road works program including sealing the Duncan Road and construction of a sealed road to the Nicolson Block, a concrete footpath to Yardgee, path lights and preliminary works for a footpath extension to Mardiwah Loop. In addition, she managed all the preliminaries relating to the Halls Creek Art Centre Project (which will be completed by June 2014, and made a huge contribution to the regional Key Worker Housing Project (a remarkably demanding task).

Angela was ably assisted by:

- Town leading hand Duncan Munro and his excellent crew, who keep our town looking so good always.
- Contract Works Superintendent Clive Lovell, who has overseen road works and imparted much of his considerable knowledge.
- Consulting Engineer Michael Keane and his team at Greenfield Technical Services.
- Architectural Draughtsperson Peter Teakle of Peter Teakle and Associates.
- Extraordinary plant operator Mario Jazyk, our longest-service employee and repository of much knowledge about materials in the district.
- Our maintenance grading contractor Danny Calwyn.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

- The team at Civic Legal, who have drafted so many leases and assisted in respect of other property and contract matters.
- Occasionally from Andrea Kemp and other support officers.

Under the management of Chris Telenta, the Halls Creek Visitors Centre (also known since 15 August 2013 as “Halls Creek Travel & Tourism”) has continued to go from strength to strength, with increased sales throughout the reporting period and also the acquisition of a travel agent’s licence and membership of the travel fidelity fund. As I write this report, Chris is completing his exam for an international travel agent’s licence. This represents a huge step forward both for the Shire and the town.

Aquatics and Recreation Manager Max Nathan has kept the pool open, the water quality very good, and has continued to provide worthwhile programs and training. Max is reliant on many part-time and casual staff without whom the pool would have to close quite frequently, including Robert Reichel, John Dudley, David Murray, Alex Olivares, Cody Petrevski-Seton, and Jordan Edwards.

The whole team has performed well, both individually and collectively. Cobina has not only rebuilt Youth Services, but has attracted increased funding at a time when other youth services across the region were being defunded. Angela has not only delivered a whole lot of works as detailed above, but has delivered the roads program on time and all funding has been acquitted. This is the first time that this has been achieved in the Shire of Halls Creek for at least a decade – quite a remarkable achievement!

Such examples could go on and on; more importantly, the team has worked well together and has supported each other in times of difficulty (including forgiving each other’s imperfections).

Toward the end of the reporting period, the Shire was the victim of a number of offenses – theft of materials, fraud by a contractor, and a matter concerning bribery and corruption that I cannot detail here as it is currently before a court. Since that time, I have suffered a number of health issues that are hopefully not too serious but which have affected my work output. I am grateful for the way in which the team has supported me and each other through that difficult time; and particularly to Musa Mono for agreeing to act as CEO from the time when I was no longer able to perform my full duties until the arrival of the CEO Designate, Rodger Kerr-Newell.

The two projects with which I was most directly involved during the reporting period (and which formed specific performance objectives) were:

- Implementation of the Integrated Planning and Reporting Framework (IPRF); and
- Recruitment of my successor as CEO in sufficient time for an orderly handover.

In respect of the IPRF, I am grateful to principal consultants UHY Haines Norton for their work and also to GSD Assets. All the reports were completed (and, where required, adopted) by the statutory deadline of 30 June 2013. However, the Council has been wise to commence an immediate review as:

- The current plan is a rough “first cut” and needs refinement through several iterations
- An early start means the revised plan will have involved the new Council and the new CEO in its preparation
- An early start means less competition for resources with those local governments who delay their review for the full statutory period.

I’m grateful to Peter Kenyon for agreeing to undertake the community consultation in respect of the review of the Community Strategic Plan.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

In respect of the CEO recruitment, it was satisfying to attract such a strong field of applicants for the position, and Rodger and I are currently having a very productive four-week handover.

During my time here, we have:

- made a number of improvements in the administration and governance of the Shire
- built about 15 staff dwellings
- sealed all town streets and provided sealed roads to Lundja and Nicholson Block
- Prepared a reseal program for implementation next year
- Promoted economic development generally, and tourism in particular.

No doubt there are other achievements I could list, as well as a few lost opportunities. More importantly, I believe that I have:

- Improved the corporate culture so that staff work cooperatively and supportively together, and show respect for others
- Recruited a great team
- Improved the capacity and conditions for recruiting and retaining more local Aboriginal people as employees.

As I write this report, I am preparing for my retirement in about two weeks. Looking back over my career, I have been privileged to lead many excellent teams of conscientious, hard-working staff. But during my time at the Shire of Halls Creek, I have worked with some of the hardest-working, most conscientious (past and present) staff of my 35-year local government career. The whole team is an asset to the Shire which is not always as highly valued in the community as it should be.

I will always be grateful for the opportunity I have had to live and work in Halls Creek for these past six years. Grateful to the various Shire Presidents and Councillors under whom I have served for their unwavering support, grateful to the staff for their hard work and loyalty, grateful to the community for the way they have accepted us (my wife in particular), grateful to my wife for her patience and understanding when my duties kept me away from her (as was frequently the case).

The Shire still has many challenges ahead – particularly relating to demands and expectations for increasing levels of service in the face of diminishing own-source revenue.

I hope that I leave the Shire in a better condition than when I started; ultimately that is for others to judge. But I am confident about two things:

- My successor is inheriting an excellent team; and
- The Council has appointed an excellent successor

I wish the Council, the staff and the communities of the Shire of Halls Creek all the very best for the future.



Warren Olsen
Chief Executive Officer

3.0 STATUTORY REPORTS

3.1 National Competition Policy

The National Competition Policy is a set of competition enhancing principles agreed to by the State and Federal Governments in 1995.

The intention of the policy is to promote competition for the benefit of businesses, consumers and the economy by eliminating any advantage received by government as a result of public sector ownership. The result should be a more 'level playing field' between the public and private sectors.

All governments with business activities that generate in excess of \$200,000 per annum of user-pays income must assess these activities and, if necessary, introduce measures to eliminate any net advantages that may have arisen because of the public ownership of the activities.

During 2012-2013 financial year, the Shire of Halls Creek did not have any significant business activities that met this criterion, and is not required to complete this assessment.

The Shire is committed to ensuring full compliance with the principles of the National Competition Policy, and therefore monitors its business activities accordingly.

3.2 Disability Services Act

It is a requirement of the WA Disability Services Act that all local government authorities develop and implement a Disability Access and Inclusion Plan (DAIP) that outlines the ways in which the authority will ensure that people with disabilities have equal access to its facilities and services.

The Shire adopted its first Disability Service Plan (DSP) in December 1995 to address the barriers within the community for people with disabilities and to address its statutory requirements under the WA Disability Services Act (1993).

An updated DSP was developed in 2004 following consultation with the community. In 2008, the Shire undertook to review its DSP, consult with stakeholders and draft a new Disability Access and Inclusion Plan to guide further improvements to access and inclusion and meet the requirements of the amended WA Disability Services Act.

The Shire contracted an independent disability consultancy firm, E-QUAL, to review existing documentation, conduct the consultation and draft a DAIP for the Shire. The Disability Access and Inclusion Draft Plan received input from individuals and groups in the community.

As required by the WA Disability Services Act, the Shire is required to review the progress of the DAIP, to compare proposed outcomes to achievements. This review will be completed and submitted to the Disability Services Commission by November 2013.

3.3 Records Management and the State Records Act 2000

The Shire of Halls Creek has a Record Keeping Plan approved by the State Records Commission, as per requirements of the State Records Act. It is also a requirement of the Commission that the Shire includes information about the Shire's Records Management in its Annual Report each year.

The State Records Commission approved the Shire's new Record Keeping Plan on 22 December 2008, following a complete re-work on the original 2004 Plan.

State Records Commission Standard 2 (Recordkeeping) Plans), Principle 6 (Compliance), states that *'Government Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan'*. The Shire has ensured that its new RKP includes the necessary strategies to ensure full and meaningful compliance with this particular standard.

A review of the current RKP will be submitted to the State Records Commission by December 2013.

3.4 Plans for the Future

Section 5.56 of the Local Government Act 1995 requires the Shire of Halls Creek to make a plan for the future of its district for at least the next two financial years. This plan must outline the broad objectives for the Shire for the given period, and it is a requirement of the Act that the community at large is consulted.

It is also a requirement of the Act that the Annual Report must include an overview of the Plan for the Future.

The 'Halls Creek Community Strategy 2008-2018' was adopted by Council on 17 December 2008. The pathway taken in the development of this Plan for the Future was documented in the Shire's 2008-2009 Annual Report.

In October 2011, the Council adopted the "Shire of Halls Creek Forward Capital Works Plan 2010-2015". This plan detailed the proposed capital works to be carried out by the Shire for the years 2010-2015. This plan is linked back to certain key strategy areas of the existing "Halls Creek Community Strategy 2008-2018".

A new legislative requirement in relation to the Integrated Planning Framework established by the Department of Local Government has been introduced. As at 30 June 2013, Council has completed a mandatory Strategic Community Plan, Draft Corporate Business Plan, Workforce Plan, Long Term Financial Plan and Asset Management Plan. The Strategic Community Plan will be reviewed in the 2013-2014 financial year.

3.5 Employee Remuneration Information

It is a requirement of the Local Government Act 1995, and related Administration Regulations, that the number of employees entitled to an annual salary of \$100,000 or more per annum, are disclosed in the Annual Report in bands of \$10,000. The required information is included in Note 28 of the Annual Financial Statements in this report.

3.6 Freedom of Information Statement

In accordance with Section 96 of the Freedom of Information Act 1992 (FOI Act), local governments are required to publish an annual Freedom of Information Statement.

How to make a Freedom of Information Application to the Shire of Halls Creek:

- Apply in writing to the Chief Executive Officer, who acts as the FOI Coordinator.
- The FOI Coordinator will assist you if necessary. No special forms are required - a letter will do.
- Identify or describe the documents concerned, or if you apply for amendment of personal information about yourself you must provide details to show how or why the agency's records are inaccurate, incomplete, out of date or misleading. If you ask for 'everything' on a particular subject, the Shire may help you narrow the scope of your application to ensure that the work involved is reasonable. Otherwise the Shire may refuse to deal with your application.
- Give an address in Australia where notices can be sent. If possible, include your telephone number/fax number/email address as this will help Shire staff to contact you if necessary, to assist in your application being dealt with efficiently.
- Pay an application fee of A\$30 if the documents contain non-personal information. No fee is payable for access to personal information about yourself.

Costs

No fees or charges apply for personal information or amendment of personal information about yourself (eg your medical records; details of employment etc). Applications for other documents (ie which are non-personal in nature) require a \$30 application fee to be paid when the application is lodged, and there may be other charges imposed by the agency as follows:

- \$30 per hour of staff time or pro rata for part of an hour for dealing with an application.
- \$30 per hour (or pro rata for part of an hour) for supervision by staff when access is given to view documents; or the time taken by staff to prepare a transcript from a tape or make photocopies.
- 20 cents per photocopy.
- Actual cost incurred by the agency for preparing a copy of a tape, film or computerised information, or arranging delivery, packaging and postage of documents.
- There are no application fees or charges for internal or external reviews.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

You can ask the Shire for an estimate of charges when lodging an application. If the charges are likely to exceed \$25 the agency must give you an estimate of charges and ask whether you want to proceed with the application. You must notify the Shire (within 30 days) of your intention to proceed. In some instances the Shire may request an advance deposit. If you are financially disadvantaged advise the Shire as a 25% reduction of charges may apply.

Reviews

If you disagree with a decision made on your FOI application, you can ask for that decision to be reviewed by someone else in the Shire. You must apply within 30 days of receiving the notice of decision from the Shire.

Within 15 days the Shire will advise you in writing of the outcome of the review, as well as your right to lodge a complaint with the Information Commissioner for an external review of the Shire's decision.

After internal review, if you still disagree with the Shire's decision, you can lodge a complaint with the Information Commissioner. If you make a complaint to the Information Commissioner, the complaint must:

- Be in writing and include your address.
- Give particulars of the decision to be reviewed including details of the part, or parts, of the decision you want the Commissioner to review.

Include a copy of the notice of decision sent to you by the Shire - this is the written notice of decision provided to you following the Shire's internal review.

Summary of FOI Requests received in the Year Ended 30 June 2013

No FOI applications were received in the 2012-2013 reporting year.

3.7 Register of Complaints

Section 5.121 requires that a register of all complaints, made in relation to conduct of elected members, be disclosed in the Annual Report.

For the year ended 30 June 2013, the Shire of Halls Creek had no complaints of this nature to disclose.

4.0 Annual Financial Report

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Halls Creek being the annual financial report, supporting notes and other information for the financial year ended 30 June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Halls Creek as at 30 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 26th day of November 2013

A handwritten signature in blue ink, appearing to read 'WK Olsen', with a long horizontal flourish extending to the right.

WK (Warren) Olsen
CHIEF EXECUTIVE OFFICER

*The Shire of Halls Creek
Thomas Street
Halls Creek WA 6770*

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

	NOTE	2012/2013 Actual \$	2012/2013 Budget \$	2011/2012 Actual \$
REVENUES				
Governance		200,502	0	0
General Purpose Funding		6,364,077	3,967,483	8,656,453
Law, Order, Public Safety		12,330	8,000	9,767
Health		202,243	160,175	368,573
Education and Welfare		1,039,585	715,469	705,571
Housing		139,596	116,600	198,553
Community Amenities		381,698	291,000	239,648
Recreation and Culture		234,751	192,109	207,459
Transport		2,054,895	2,289,290	492,467
Economic Services		433,469	394,100	571,165
Other Property and Services		444,043	287,648	687,966
		<u>11,507,189</u>	<u>8,421,874</u>	<u>12,137,622</u>
EXPENSES (Excluding Finance Costs)				
Ordinary Activities				
Governance		(488,957)	(667,569)	(388,917)
General Purpose Funding		(524,688)	(502,378)	(420,327)
Law, Order, Public Safety		(392,327)	(433,082)	(346,646)
Health		(538,724)	(648,730)	(509,490)
Education and Welfare		(893,026)	(1,229,709)	(991,586)
Housing		(50,613)	(27,604)	(16,065)
Community Amenities		(1,184,207)	(1,725,147)	(1,038,051)
Recreation & Culture		(1,877,583)	(2,255,309)	(1,833,029)
Transport		(5,061,604)	(6,013,225)	(3,554,438)
Economic Services		(1,025,550)	(1,145,567)	(767,364)
Other Property and Services		(6,428,485)	(6,545,353)	(1,206,385)
		<u>(18,465,764)</u>	<u>(21,193,673)</u>	<u>(11,072,298)</u>
Finance Costs				
Housing		(88,996)	(88,996)	(93,586)
Other Property and Services		(3,460)	(3,460)	(4,380)
	19	<u>(92,456)</u>	<u>(92,456)</u>	<u>(97,966)</u>
Non-Operating Grants, Subsidies and Contributions				
Housing		0	1,795,655	1,892,230
Transport		2,082,700	2,236,650	711,942
Other Property services		0	811,678	0
		<u>2,082,700</u>	<u>4,843,983</u>	<u>2,604,172</u>
Profit & (Loss) on Asset Disposals				
Other Property and Services	33(b)	<u>6,638</u>	<u>4,919</u>	<u>109,677</u>
Net Result		(4,961,693)	(8,015,353)	3,681,207
Other Comprehensive Income				
Changes on revaluation of non current assets	12	315,370	0	0
Total Comprehensive Income		<u>(4,646,323)</u>	<u>(8,015,353)</u>	<u>3,681,207</u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

	NOTE	2012/2013 Actual \$	2012/2013 Budget \$	2011/2012 Actual \$
REVENUES				
Rates	20	1,704,504	1,743,096	1,624,599
Grants, Subsidies, Contributions - Operating	25	7,917,954	5,146,589	8,785,091
Service Charges	22	67,449	17,550	17,550
Fees and Charges	26	1,195,560	1,079,490	954,773
Interest Earnings	3	612,524	365,792	648,858
Other Revenue		362	62,649	58,162
		<u>11,498,353</u>	<u>8,415,166</u>	<u>12,089,033</u>
EXPENSES				
Employee Costs		(3,387,239)	(4,355,543)	(2,851,821)
Materials and Contracts		(10,876,043)	(7,189,107)	(4,221,670)
Utilities (gas, electricity, water, etc)		(457,847)	(421,919)	(407,717)
Depreciation on Non-current Assets	3	(3,205,672)	(3,450,242)	(2,883,080)
Insurance		(444,014)	(421,287)	(393,212)
Interest on Debentures	19	(92,456)	(92,456)	(97,966)
Other Expenditure		(86,113)	(5,348,867)	(266,210)
		<u>(18,549,384)</u>	<u>(21,279,421)</u>	<u>(11,121,676)</u>
		(7,051,031)	(12,864,255)	967,357
Non Operating Grants, Subsidies, Contributions	25	2,082,700	4,843,983	2,604,172
Profit on Asset Disposals	33(b)	8,836	6,708	158,266
Loss on Asset Disposals	33(b)	<u>(2,198)</u>	<u>(1,789)</u>	<u>(48,588)</u>
Net Result		(4,961,693)	(8,015,353)	3,681,207
Other Comprehensive Income				
Changes on revaluation of non current assets	12	315,370	0	0
Total Comprehensive Income		<u>(4,646,323)</u>	<u>(8,015,353)</u>	<u>3,681,207</u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	NOTE	2012/2013 Actual \$	2011/2012 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	4	15,896,587	16,976,837
Trade and Other Receivables	5	1,185,680	654,004
Inventories	6	193,392	102,250
TOTAL CURRENT ASSETS		<u>17,275,659</u>	<u>17,733,091</u>
NON-CURRENT ASSETS			
Inventories - Work In Progress	7	425,521	1,262,017
Property, Plant and Equipment	8a	21,786,371	19,842,365
Infrastructure	8c	10,021,747	9,151,561
TOTAL NON-CURRENT ASSETS		<u>32,233,639</u>	<u>30,255,943</u>
TOTAL ASSETS		<u>49,509,298</u>	<u>47,989,034</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	6,639,393	487,242
Provisions	10	536,304	427,479
Long Term Borrowings	11	98,647	80,311
TOTAL CURRENT LIABILITIES		<u>7,274,344</u>	<u>995,032</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	1,269,451	1,368,098
Provisions	10	46,834	60,912
TOTAL NON-CURRENT LIABILITIES		<u>1,316,285</u>	<u>1,429,010</u>
TOTAL LIABILITIES		<u>8,590,629</u>	<u>2,424,042</u>
NET ASSETS		<u>40,918,669</u>	<u>45,564,992</u>
EQUITY			
Retained Surplus		36,314,509	41,201,119
Reserves - Cash Backed	12	4,288,790	4,363,873
Reserves - Asset Revaluation	12	315,370	0
TOTAL EQUITY		<u>40,918,669</u>	<u>45,564,992</u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

STATEMENT OF CHANGES IN EQUITY

		RETAINED SURPLUS	RESERVES CASH/ INVESTMENT BACKED	ASSET REVALUATION RESERVE	TOTAL EQUITY
	NOTE	\$	\$	\$	\$
Balance as at 1 July 2011		37,337,842	2,881,456	1,664,487	41,883,785
Correction of Errors	12	1,664,487	0	(1,664,487)	0
Restated Balance		39,002,329	2,881,456	0	41,883,785
Comprehensive Income					
Net Result		3,681,207	0	0	3,681,207
Changes on Revaluation of Non-Current Asset	14	0	0	0	0
Total Comprehensive Income		3,681,207	0	0	3,681,207
Transfers from/(to) Reserves	12	(1,482,417)	1,482,417	0	0
Balance as at 30 June 2012		41,201,119	4,363,873	0	45,564,992
Comprehensive Income					
Net Result		(4,961,693)	0	0	(4,961,693)
Changes on Revaluation of Non-Current Assets		0	0	315,370	315,370
Total Comprehensive Income		(4,961,693)	0	315,370	(4,646,323)
Transfers from/(to) Reserves	12	75,083	(75,083)	0	0
Balance as at 30 June 2013		36,314,509	4,288,790	315,370	40,918,669

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

STATEMENT OF CASH FLOWS

	NOTE	2012/2013 Actual \$	2012/2013 Budget \$	2011/2012 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,653,717	1,851,691	1,528,178
Grants, Subsidies, Contributions		7,902,759	5,096,589	8,785,091
Service Charges		67,449	17,550	17,550
Fees and Charges		1,188,636	1,152,558	956,116
Interest Earnings		672,172	433,008	672,748
Goods and Services Tax		1,062,192	103,180	698,915
Other Revenue		362	62,649	58,162
		<u>12,547,287</u>	<u>8,717,225</u>	<u>12,716,760</u>
Payments				
Employee Costs		(3,229,660)	(4,518,563)	(2,751,816)
Materials and Contracts		(10,797,164)	(6,700,079)	(4,231,343)
Utilities (gas, electricity, water, etc.)		(481,939)	(418,094)	(389,689)
Insurance		(444,014)	(421,286)	(393,212)
Interest		(95,422)	(48,628)	(66,021)
Goods and Services Tax		(1,603,595)	0	(744,424)
Other Expenses		5,860,242	(5,369,150)	(235,694)
		<u>(10,791,552)</u>	<u>(17,475,800)</u>	<u>(8,812,199)</u>
Net Cash Provided By (Used In)				
Operating Activities	14(b)	<u>1,755,735</u>	<u>(8,758,575)</u>	<u>3,904,561</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,400,056)	(5,797,653)	(856,990)
Payments for Construction of Infrastructure		(3,086,625)	(4,111,981)	(2,632,853)
Payments for Construction of Work in Progress		(403,660)	0	(1,242,522)
Grants and Contributions for the Development of Assets		2,105,685	5,559,106	2,512,227
Proceeds from Sale of Plant & Equipment		28,982	33,000	815,726
Net Cash Used in Investing Activities		<u>(2,755,674)</u>	<u>(4,317,528)</u>	<u>(1,404,412)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(80,311)	(80,311)	(65,469)
Proceeds from new Debentures		0	0	0
Net Cash Provided By (Used In)				
Financing Activities		<u>(80,311)</u>	<u>(80,311)</u>	<u>(65,469)</u>
Net Increase (Decrease) in Cash Held		(1,080,250)	(13,156,414)	2,434,680
Cash at Beginning of year		16,976,837	16,976,837	14,542,157
Cash and Cash Equivalents at End of Year	14(a)	<u>15,896,587</u>	<u>3,820,423</u>	<u>16,976,837</u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

RATE SETTING STATEMENT				
		2012/2013	2012/2013	2011/2012
		Actual	Budget	Actual
		\$	\$	
OPERATING REVENUES	NOTE			
Governance		200,502	0	0
General Purpose Funding		4,659,573	2,224,387	7,031,854
Law, Order, Public Safety		12,330	8,000	9,767
Health		202,243	160,175	368,573
Education and Welfare		1,039,585	715,469	705,571
Housing		139,596	1,912,255	2,090,783
Community Amenities		381,698	291,000	239,648
Recreation and Culture		234,751	192,109	207,459
Transport		4,144,233	4,530,859	1,314,086
Economic Services		433,469	394,100	571,165
Other Property and Services		444,043	1,099,326	687,966
		<u>11,892,023</u>	<u>11,527,680</u>	<u>13,226,872</u>
OPERATING EXPENSES				
Governance		(488,957)	(667,569)	(388,917)
General Purpose Funding		(524,688)	(502,378)	(420,327)
Law, Order, Public Safety		(392,327)	(433,082)	(346,646)
Health		(538,724)	(648,730)	(509,490)
Education and Welfare		(893,026)	(1,229,709)	(991,586)
Housing		(139,609)	(116,600)	(109,651)
Community Amenities		(1,184,207)	(1,725,147)	(1,038,051)
Recreation & Culture		(1,877,583)	(2,255,309)	(1,833,029)
Transport		(5,061,604)	(6,013,225)	(3,554,438)
Economic Services		(1,025,550)	(1,145,567)	(767,364)
Other Property and Services		(6,431,945)	(6,548,814)	(1,210,765)
		<u>(18,558,220)</u>	<u>(21,286,130)</u>	<u>(11,170,264)</u>
Net results Excluding Rates		(6,666,197)	(9,758,450)	2,056,608
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals		(6,638)	(4,919)	(109,678)
Depreciation on Assets		3,205,672	3,450,242	2,883,080
Movement in Employee Benefits		94,746	(166,392)	173,459
Capital Expenditure and Revenue				
Works in Progress		(403,660)	0	(1,242,522)
Purchase Land and Buildings		(934,027)	(5,069,253)	(559,916)
Purchase Infrastructure Assets - Roads		(2,860,019)	(3,225,060)	(2,349,077)
Purchase Plant and Equipment		(466,029)	(648,400)	(282,245)
Purchase Furniture and Equipment		0	(80,000)	(14,829)
Purchase Infrastructure - Other		(226,606)	(886,921)	(283,776)
Proceeds from Disposal of Assets		28,982	33,000	815,726
Repayment of Debentures		(80,311)	(80,311)	(65,469)
Transfers to Reserves (Restricted Assets)		(220,917)	(164,647)	(1,482,417)
Transfers from Reserves (Restricted Assets)		296,000	1,352,861	0
ADD Surplus/(Deficit) July 1 B/Fwd	32	12,881,976	13,505,154	11,718,433
LESS Surplus/(Deficit) June 30 C/Fwd	32	6,347,476	0	12,881,976
Amount to be Raised from General Rates	20	<u>(1,704,504)</u>	<u>(1,743,096)</u>	<u>(1,624,599)</u>

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

NOTES

1. STATEMENT OF OBJECTIVES

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

PRINCIPAL PLACE OF BUSINESS

The Principal place of Business of the Local Government is:
The Shire of Halls Creek
Lot 71 Thomas Street, Halls Creek WA 6770

GOVERNANCE

Objective: Management of the Council's governance role
Activities: Governance, advocacy and policy development

GENERAL PURPOSE FUNDING

Objective: To provide adequate funding for the Shire's operations by maximising income from Rates, general purpose government grants, interest and other sources of revenue
Activities: Raising of rates, collection of debts and general purpose funding; other funding activities

LAW, ORDER, PUBLIC SAFETY

Objective: To provide a safe environment and ensure compliance with Council by-laws
Activities: Supervision of various by-laws, fire prevention, emergency services and animal control. Operation of the Shire's Ranger services

HEALTH

Objective: To achieve optimal health outcomes for all residents of the Shire
Activities: Provision of an operational framework for good community health, including food quality and pest control, general health administration and special Aboriginal environmental health programs.

EDUCATION AND WELFARE

Objective: To provide support and activities for the benefit of the Halls Creek Youth
Activities: Operation of youth services within Halls Creek. Operation of remote youth development officers in communities. Employment of Youth Services Hub Coordinator.

HOUSING

Objective: To provide safe and comfortable housing for Shire employees and other users of Shire accommodation
Activities: Construction and maintenance of staff and rental housing

COMMUNITY AMENITIES

Objectives: Provide ancillary services required by the Community

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

Activities: Refuse/rubbish collection, tip/refuse site maintenance, administration of the Shire's Town planning Scheme, management and maintenance of cemeteries, and specific community development programs.

RECREATION AND CULTURE

Objective: To Provide a range of cultural and recreational services

Activities: Operation and maintenance of Civic Halls, sports courts, Aquatic and Recreation Centre, Oval, Library, Rural Transaction Centre and rebroadcasting services.

TRANSPORT

Objective: To provide safe and efficient transport infrastructure throughout the Shire.

Activities: Construction and maintenance of roads, town streets and footpaths, street cleaning, street lighting, and the operation of the Shire's airport

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic well-being.

Activities: The regulation and provision of tourism, area promotion and hosting Economic Development Officer program.

OTHER PROPERTY & SERVICES

Objective: To undertake such other activities as required by the local community.

Activities: General Administration. These costs are allocated out to jobs and/or other programs using the Activity Based Costing (ABC) administration allocation method. Various other activities are described under the following headings:

Private works

Private works are undertaken on a small and large scale and through the year. It cannot be forecast as to the amount of works that will be undertaken.

Public Works Overheads

All costs associated with the employment of Council's Technical Services section are assigned to this sub-program, and then throughout the course of the year the costs are reallocated to the relevant programs.

Plant Operation Costs

All costs associated with the operation of Council's plant fleet are assigned to this sub-program, and throughout the year are reallocated to relevant work jobs on which the plant worked to obtain accurate costs of that job. Costs include fuels, oils, repairs and depreciation.

Salaries & Wages

This sub-program identifies the total salaries and wages costs expected for the year, and these are also reallocated throughout all sub-programs during the financial year to reflect true costs.

Miscellaneous/Unclassified

This sub-program records both income and expense for goods or services that cannot be allocated to a particular job or program. It includes expenses incurred by the Shire

that are later recouped from third parties, such as the COAG trial and MUNS project as part of special auspice funding.

Other Community Projects

This sub-program identifies both income and expenditure of other community projects undertaken by Shire such as the Art Centre.

2. 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 report which has been prepared in accordance with Australian Accounting Standards (as they apply to local government 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.

The report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which forms the basis of making 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 in the notes to this financial report.

(c) Goods and Services Tax

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 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 that are recoverable from or payable to the ATO, are presented as operating cash flows.

(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 on the statement of financial position.

(e) Trade and Other receivables

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable 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 end of the 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 end of cost and net realisable value. Cost includes the cost of acquisition, development 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 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 of fair value as indicate less, where applicable, any accumulated depreciation or impairment losses.

Mandatory Requirement to Revaluation of Non-Current Assets

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

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 30 June 2013, the fair value of all the assets of the local government that are plant and equipment; and
- (b) For the financial year ended 30 June 2014, the fair value of all the assets of the local government:
 - (i) that are plant and equipment; and
 - (ii) that are land and buildings or infrastructure; and
- (c) For the financial year ending 30 June 2015, the fair value of all of the assets of the local government.

Thereafter in accordance with the regulation, each asset class must be revalued at least every three 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.

The Shire of Halls Creek has considered the above requirement and determined that the asset values are immaterial to be recognised by the Local Government within the Shire of Halls Creek under Local Government (Financial Management) Regulation 16(a).

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 costs 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 the variable and fixed overhead.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the 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 in the Statement of Comprehensive Income in the period in which they are incurred.

Revaluation

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

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 (Level 1 inputs in the fair value hierarchy).

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

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 in 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 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 impose 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.

Transitional Arrangements

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes. Those assets carried at cost will be carried in accordance with the policy detailed in the Initial Recognition section as detailed above. Those assets carried at fair value will be carried in accordance with the Revaluation Methodology section as detailed above.

Early Adoption of AASB13 – Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value 'AASB13 – Fair Value Measurement' does not become applicable until 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 AASB13 (as allowed for in the standard). As a consequence, the principles embodied in AASB13

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

– 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 in Crown Land, in which the responsibility for managing 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 treatment available in Australian Accounting Standard AASB1051 – Land Under Roads and the fact that Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising land under roads 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 AASB1051, 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 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 ready for use.

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

Buildings	30-50 years
Office Furniture and equipment	4-10 years
Plant and Equipment	5-15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
Seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads	
formation	not depreciated

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

pavement	50 years
Footpaths – slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Grids	20 years
Airfields and runways	20 years

These assets' residuals 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 of the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal 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 of items of equipment under \$5,000 is not capitalised.

(h) Intangible Assets

Due to legislative changes, Easements are required to be recognised as assets. They are initially recognised at cost and have an indefinite useful life.

The Shire of Halls Creek has considered the above requirement and determined that the asset values are immaterial to be recognised by the Local Government within the Shire of Halls Creek.

(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 the sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions 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 Measure

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 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;
- 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 exactly 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. They are subsequently measured at fair value with changes of carrying amount being included in profit or loss.

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

They are subsequently measured at fair value with changes in such fair value (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 where 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 to 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 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 high 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 with accordance with another standard (eg AASB116). Any impairment loss of 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 these goods and services. These amounts are unsecured and are usually 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 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 maturing 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 a particular asset.

(n) 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 to settle the obligation; 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 value. 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 the operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(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 within the notes to this report.

(q) Superannuation

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

(r) Current and Non-Current Classification

In the determination of whether an asset or a 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 the Council's intention for 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 confirm with changes in the 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.

(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.

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

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

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

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 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.
(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 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).
(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 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

(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 supersede 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.
(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.
(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 12]	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.

(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 that became mandatory and that were applicable to its operations.

The new and revised standards were:

AASB 2010-8

AASB 2011-3

AASB 2011-13

The standards adopted had 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 AASB13 – Fair Value Measurement as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

3. REVENUES AND EXPENSES NOTE		2012/2013	2011/2012
		Actual	Actual
		\$	\$
Net Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Significant Expense			
Other Property and Services		<u>5,436,507</u>	<u>0</u>
The significant expense item relates to the refund of Kimberley Aboriginal Community Housing Project grant including interest earned on it .			
Auditors Remuneration			
- Audit of the financial report		18,500	17,500
- Financial Management Review		0	7,500
- Acquittals Audits		14,600	11,700
- Other Services		2,850	0
Doubtful Debts			
- Rate Debtors		18,174	20,983
- Sundry Debtors		22,038	15,510
Depreciation			
- Buildings		640,078	606,762
- Furniture and Equipment		61,565	87,077
- Plant		287,590	316,527
- Infrastructure - Roads		1,893,733	1,691,416
- Infrastructure - Other		322,706	181,298
	8	<u>3,205,672</u>	<u>2,883,080</u>
Interest Expenses			
- Debentures	19	<u>92,456</u>	<u>97,966</u>
(ii) Crediting as Revenues:			
		2012/2013	2011/2012
		Actual	Actual
		\$	\$
Interest Earnings			
- Investments			
- Reserve Funds		183,946	182,091
- Municipal Funds		395,587	439,100
- Other Interest Earnings	24	32,991	27,667
		<u>612,524</u>	<u>648,858</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	NOTE	2012/2013	2011/2012
		Actual	Actual
		\$	\$
4. CASH AND CASH EQUIVALENTS			
Cash on Hand		1,335	1,335
Cash at Bank		15,895,252	16,975,502
		<u>15,896,587</u>	<u>16,976,837</u>
Represented by:			
Unrestricted		10,477,252	5,585,584
Restricted		5,419,335	11,391,253
		<u>15,896,587</u>	<u>16,976,837</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Leave Reserve	12	286,428	273,033
Computer Upgrade	12	14,080	13,421
Office Redevelopment	12	562,167	535,876
Aboriginal EHO Vehicle	12	8,343	7,953
Airport Operating	12	380,339	362,552
Road Making Plant Reserve	12	1,526,975	1,741,976
Staff Housing Reserve	12	1,009,886	962,657
Swimming Pool Reserve	12	248,903	237,263
TV Rebroadcasting	12	35,727	23,177
Edl Community	12	215,942	205,965
<i>sub total</i>		<u>4,288,790</u>	<u>4,363,873</u>
Unspent Grants	13	1,130,545	7,027,380
		<u>5,419,335</u>	<u>11,391,253</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates & Services Outstanding		362,556	314,578
Sundry Debtors		206,185	138,205
GST Receivable		639,854	141,948
Other Tax Receivable		4,729	23,550
Accrued Interest		12,568	72,216
Less Provision for Doubtful Debts		(40,212)	(36,493)
		<u>1,185,680</u>	<u>654,004</u>
6. INVENTORIES			
Current			
Stores and Materials - at cost		193,392	102,250
		<u>193,392</u>	<u>102,250</u>
7. WORK IN PROGRESS			
Non Current			
Buildings		167,203	1,262,017
Infrastructure -Roads		258,318	0
	15(c)	<u>425,521</u>	<u>1,262,017</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	2012/2013	2011/2012
	Actual	Actual
	\$	\$
8a. PROPERTY, PLANT AND EQUIPMENT		
Freehold Land -Management valuation 1994	1,493,545	1,493,545
Freehold Land - Cost	1,061,016	1,061,016
Less Accumulated Depreciation	0	0
	<hr/> 2,554,561	<hr/> 2,554,561
Buildings - Management valuation 1994	4,923,657	4,923,657
Buildings - Cost	17,915,582	15,741,399
Less Accumulated Depreciation	(5,345,825)	(4,705,748)
	<hr/> 17,493,414	<hr/> 15,959,308
Furniture and Equipment - Cost	0	417,042
Furniture and Equipment - Management Valuation 2013	95,819	0
Less Accumulated Depreciation	0	(259,658)
	<hr/> 95,819	<hr/> 157,384
Plant & Equipment - Cost	0	2,423,261
Management Valuation 2013	1,642,577	0
Less Accumulated Depreciation	0	(1,252,149)
	<hr/> 1,642,577	<hr/> 1,171,112
Property, plant and Equipment	<hr/> 21,786,371	<hr/> 19,842,365

8b. Major Plant and Equipment

The Shire's Major Plant and Equipment was revalued at 30 June 2013 by management valuation. These valuations were made on the basis of open market values of similar assets adjusted for the conditions and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$300,367 in the net value of the Shire's Major Plant and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity. (refer note 12 for further details) and was recognised as change in Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

Minor Plant and Equipment

The Shire's Minor Plant and Equipment was revalued at 30 June 2013 by management valuation having regards for their current replacement cost, condition assessment, residual values and remaining estimated useful life (Level 3 inputs in the fair value hierarchy).

The assumption and analysis used in the overall fair value assessment are level 3 input which have indicated that the current written down value of Council's Minor Plant and Equipment equates in all material respect, to its fair value as at 30 June 2013. If the basis of assumptions were varied, they have potential to result in a significant higher or lower fair value measurement.

The revaluation resulted in an overall increase of \$15,003 in the net value of the Shire's Major Plant and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity. (refer note 12 for further details) and was

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

recognised as change in Revaluation of Non-Current Assets in the Statement of Comprehensive Income.

8c Furniture and Equipment

The Shire's Furniture and equipment was revalued at 30 June 2013 by management valuation having regard to the current composition of this class of assets, the assets current written down values, their future values and patterns of consumption utilising current information.

The assumption and analysis used in the overall fair value assessment are level 3 input which have indicated that the current written down value of Council's furniture and equipment equates in all material respect, to its fair value as at 30 June 2013.

If the basis of assumptions were varied, they have potential to result in a significant higher or lower fair value measurement.

The revaluation resulted in neither an increase nor a decrease in the net value of the Shire's furniture and equipment.

Consequently, no adjustments were recognised in either the net results or other comprehensive income in the Statement of Comprehensive Income.

8d. Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Furniture & Equipment	Plant & Equipment	Plant & Equipment	Total
			(Level 3)	(Level 2)	(Level 3)	
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2012	2,554,561	15,959,309	157,384	854,574	316,538	19,842,366
Additions	0	2,174,183	0	466,029	0	2,640,212
Disposals	0	0	(152,245)	(104,353)	0	(256,598)
Revaluations - Increment	0	0	0	300,367	15,003	315,370
- (Decrement)	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation Operating Expense	0	(640,078)	(61,565)	(241,712)	(45,878)	(989,233)
Depn. Written Back (Disposals)	0	0	152,245	82,009	0	234,254
Balance as at 30 June 2013	<u>2,554,561</u>	<u>17,493,414</u>	<u>95,819</u>	<u>1,356,914</u>	<u>285,663</u>	<u>21,786,371</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	2012/2013	2011/2012
	Actual	Actual
	\$	\$
8e. INFRASTRUCTURE		
Infrastructure - Other	5,099,950	4,873,344
Less Accumulated Depreciation	(2,901,738)	(2,579,032)
	<u>2,198,212</u>	<u>2,294,312</u>
Infrastructure - Roads	81,691,380	78,831,361
Less Accumulated Depreciation	(73,867,845)	(71,974,112)
	<u>7,823,535</u>	<u>6,857,249</u>
Total Infrastructure	<u>10,021,747</u>	<u>9,151,561</u>

8f. Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Infrastructure Other	Infrastructure Roads	Total
	\$	\$	\$
Balance as at 1 July 2012	2,294,312	6,857,249	9,151,561
Additions	226,606	2,860,019	3,086,625
Disposals	0	0	0
Revaluations - Increment	0	0	0
- (Decrement)	0	0	0
Impairment - (Losses)	0	0	0
- Reversals	0	0	0
Depreciation Operating Expense	(322,706)	(1,893,733)	(2,216,439)
Depn Written Back (Disposals)	0	0	0
Balance as at 30 June 2013	<u><u>2,198,212</u></u>	<u><u>7,823,535</u></u>	<u><u>10,021,747</u></u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	NOTES	2012/2013 Actual \$	2011/2012 Actual \$
9. TRADE AND OTHER PAYABLES			
Current			
Creditors - Sundry		6,514,341	366,513
Excess Rates		17,882	18,023
Accrued Interest on Debentures		45,663	48,269
PAYG & FBT Liability		61,507	54,437
		<u>6,639,393</u>	<u>487,242</u>
10. PROVISIONS			
Current			
Provision for Time in Lieu		140,052	100,241
Provision for Annual Leave & RDO's		310,318	283,877
Provision for Long Service Leave		85,934	43,361
		<u>536,304</u>	<u>427,479</u>
Non Current			
Provision for Long Service Leave		46,834	60,913
		<u>46,834</u>	<u>60,913</u>
11. LONG TERM BORROWINGS			
Current			
Debentures		98,647	80,311
		<u>98,647</u>	<u>80,311</u>
Non-Current			
Debentures		1,269,451	1,368,098
		<u>1,269,451</u>	<u>1,368,098</u>
		<u>1,368,098</u>	<u>1,448,409</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	2012/2013	2012/2013	2011/2012
	Actual	Budget	Actual
	\$	\$	\$
12. RESERVES			
RESERVES - CASH BACKED			
(a) Employee Entitlement			
Opening Balance	273,033	273,033	258,643
Interest Earned	13,395	13,651	14,390
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>286,428</u>	<u>286,684</u>	<u>273,033</u>
(b) Computer Upgrade			
Opening Balance	13,421	13,421	12,714
Interest Earned	659	671	707
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>14,080</u>	<u>14,092</u>	<u>13,421</u>
(c) Office Redevelopment			
Opening Balance	535,876	535,875	231,023
Interest Earned	26,291	23,919	12,853
Amount Set Aside / Transfer to Reserve	0	0	292,000
Amount Used / Transfer from Reserve	0	(250,000)	0
	<u>562,167</u>	<u>309,794</u>	<u>535,876</u>
(d) Aboriginal EHO Vehicle			
Opening Balance	7,953	7,953	7,534
Interest Earned	390	400	419
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>8,343</u>	<u>8,353</u>	<u>7,953</u>
(e) Airport Operating			
Opening Balance	362,552	362,552	343,444
Interest Earned	17,787	15,900	19,108
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>380,339</u>	<u>378,452</u>	<u>362,552</u>
(f) Plant Replacement			
Opening Balance	1,741,976	1,741,976	869,466
Interest Earned	80,999	70,600	48,783
Amount Set Aside / Transfer to Reserve	0	0	823,727
Amount Used / Transfer from Reserve	(296,000)	(330,000)	0
	<u>1,526,975</u>	<u>1,482,576</u>	<u>1,741,976</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	2012/2013 Actual \$	2012/2013 Budget \$	2011/2012 Actual \$
12. RESERVES (Continued)			
RESERVES - CASH BACKED (Continued)			
(g) Staff Housing			
Opening Balance	962,657	962,657	911,919
Interest Earned	47,229	19,285	50,738
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(692,340)	0
	<u>1,009,886</u>	<u>289,602</u>	<u>962,657</u>
(h) Aquatic Centre			
Opening Balance	237,263	237,264	224,758
Interest Earned	11,640	7,616	12,505
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(80,521)	0
	<u>248,903</u>	<u>164,359</u>	<u>237,263</u>
(i) TV Rebroadcasting			
Opening Balance	23,177	23,178	21,955
Interest Earned	1,265	1,250	1,222
Amount Set Aside / Transfer to Reserve	11,285	6,206	0
Amount Used / Transfer from Reserve	0	0	0
	<u>35,727</u>	<u>30,634</u>	<u>23,177</u>
j) Energy Developments Community			
Opening Balance	205,965	205,965	0
Interest Earned	9,977	5,149	5,965
Amount Set Aside / Transfer to Reserve	0	0	200,000
Amount Used / Transfer from Reserve	0	0	0
	<u>215,942</u>	<u>211,114</u>	<u>205,965</u>
 Total Cash Backed Reserves	 <u>4,288,790</u>	 <u>3,175,660</u>	 <u>4,363,873</u>

12. RESERVES (Continued)

All of the cash backed reserve accounts are supported by money held in financial institutions.

These match the amount shown with restricted cash at note 4.

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

Employee Entitlements

- to be used to fund long service leave and/or other significant payment that may be required upon termination of an employee.

Computer Upgrade

- to be used to fund the upgrade and/or replacement of the Shire's network operating computer system or any of the administrative or financial management computer operating programmes

Office Redevelopment

- to be used for the extension/major re-development of the Administration office building

Aboriginal EHO Vehicle

- to be used for the purchase of new AEHO vehicle, in conjunction with HDWA

Airport Operating Works

- to be used to fund major operational or major capital works required at the Shire of Halls Creek Airport

Plant Replacement

- To be used for the purchase or major capital upgrade of large plant items such as road construction plant requirements

Staff Housing

- to be used to fund the construction, development or purchase of residential housing or land to be utilise by the Shire of Halls Creek for the provision of staff housing

Aquatic Centre

- to used for the construction of and/or major upgrade or operating expenses for the Shire's Aquatic and Recreation Centre

TV Rebroadcasting

- to be used for the purchase of capital equipment/major works or significant operating expenses the TV rebroadcasting facilities.

Energy Developments Ltd West Kimberley Community Donation Account Reserve

- to distribute monies to members or organisations in the Shire of Halls Creek (other than the Shire itself) to be used solely for not-for-profit projects or activities that benefit the Shire of Halls Creek's community and in accordance with the MOU between Shire of Halls Creek and EDL NGD (WA) Pty Ltd.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

12. RESERVES (Continued)

RESERVES - ASSET REVALUATION

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

	2012/2013	2011/2012
	Actual	Actual
	\$	\$
Plant & Equipment		
Balance as at 1 July 2012	0	0
Revaluation Increment	315,370	0
Revaluation Decrement	0	0
Balance as at 30 June 2013	<u>315,370</u>	<u>0</u>
Total Asset Revaluation Reserve	<u><u>315,370</u></u>	<u><u>0</u></u>

Prior Period Correction

The Asset Revaluation Reserves arose on initial revaluation of asset classifications in prior years as follows:

	\$
(i) Land	482,000
(ii) Buildings	1,182,487
Total	<u><u>1,664,487</u></u>

In 2012 (and previous years), this balance was disclosed as part of the Asset Revaluation Reserve balance despite the Council resolving to revert to deemed cost in accordance with the transition to IFRS effective from 1 July 2004. At the time of reverting to deemed cost the Asset Revaluation Reserve should have been transferred to Retained Surplus.

Balances relating to the 2012 comparative year have been amended due to the correction of the prior period error. This error has been adjusted in accordance with the requirements of AASB101 as shown below:

Effect of the above:

	Original	Amount of	Adjusted
	Balance	Adjustment	Balance
Statement of Financial Position			
Retained Surplus	37,337,842	1,664,487	39,002,329
Reserves - Asset Revaluation	1,664,487	(1,664,487)	0
Statement of Changes in Equity			
Retained Surplus	37,337,842	1,664,487	39,002,329
Reserves - Asset Revaluation	1,664,487	(1,664,487)	0

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

13. ECONOMIC DEPENDANCY AND GRANTS

OPERATING GRANTS		2011/12 AMOUNTS UNSPENT \$	2012/13 REVENUE RECOGNISED	2012/13 AMOUNTS UTILISED	2012/13 AMOUNTS UNSPENT \$
Source of Grant	Purpose of Grant or Contribution				
GENERAL PURPOSE FUNDING					
FAGS	Grant-FAGS Untied WALGGC	0	3,451,770	3,451,770	0
FAGS	FAGS - Roads Formula	0	664,050	664,050	0
RCG- SWEK	Regional Coll. Group - share from SWEK	52997	4,617	57,614	0
	<i>Sub total</i>	52997	4,120,437	4,173,434	0
GOVERNANCE					
DIA	Establishment Aboriginal Advisory Committee	0	200,000	12,772	187,228
	<i>Sub total</i>	0	200,000	12,772	187,228
LAW, ORDER, & PUBLIC SAFETY					
DFES	Aware Programme	0	9,091	9,091	0
	<i>Sub total</i>	0	9,091	9,091	0
HEALTH SERVICES					
Health Dept	AEHO contribution	43,367	169,956	165,747	47,576
Health Dept	Trachoma Program	179,899	0	168,873	11,026
	<i>Sub total</i>	223,266	169,956	334,620	58,602
WELFARE SERVICES					
DEEWR	Vacation Care Salaries	0	26,115	0	26,115
Corrective Services	Youth Services	0	93,534	93,534	0
DCP	Young Peoples Services	0	129,901	129,901	0
DCP	Youth Week	0	1,000	1,000	0
Attorney Generals	Youth Services - Tjurabalan region	268,009	610,830	460,375	418,464
FAHCSIA	Youth Leadership Activities	50,000		21,747	28,253
FAHCSIA	Youth Hub	0	171,500	122,696	48,804
	<i>Sub total</i>	318,009	1,032,880	829,253	521,636
RECREATION & CULTURE					
RLCIP	Civic Hall Upgrade	26,300	0	26,300	0
	<i>Sub total</i>	26,300	0	26,300	0
TRANSPORT					
MRWA	Direct Grant	0	122,247	122,247	0
MRWA	Street Lighting	0	3,201	3,201	0
MRWA	Flood Damage claim	0	1,915,402	1,915,402	0
	<i>Sub total</i>	0	2,040,850	2,040,850	0
ECONOMIC SERVICES					
DOH	Economic Development Officer	182,572	0	178,214	4,358
	<i>Sub total</i>	182,572	0	178,214	4,358
OTHER PROPERTY & SERVICES					
DEEWA	Australian Apprenticeship	0	2,500	2,500	0
Country Arts WA	Yarliyl Art Centre Operations	0	25,000	25,000	0
DEWA	Yarliyl Art Centre Operations	0	141,040	141,040	0
DEWA	Yarliyl Cultural Support Programme	0	0	0	0
KDC	Community Housing Project	5,348,554	0	5,348,554	0
Miscellaneous	Contributions, Donations & Reimbursements	0	176,200	176,200	0
	<i>Sub total</i>	5,348,554	344,740	5,693,294	0
TOTAL OPERATING GRANTS		6,151,698	7,917,954	13,297,828	771,824

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

13. ECONOMIC DEPENDANCY AND GRANTS (continued)

NON OPERATING GRANTS		2011/12 AMOUNTS UNSPENT \$	2012/13 RECOGNISED \$	2012/13 UTILISED \$	2012/13 AMOUNTS UNSPENT \$
Source of Grant	Purpose of Grant or Contribution				
STAFF HOUSING					
RDL	Royalties for Regions Staff Housing	661,966	0	529,091	132,875
	<i>Sub total</i>	661,966	0	529,091	132,875
TRANSPORT					
Remote Access FAGS	Remote Access Roads	201,316	300,000	275,470	225,846
Main Roads WA	Remote Access Roads	12,400	205,800	218,200	0
Roads To Recovery	Special Funding	0	400,850	400,850	0
Roads To Recovery	General	0	210,000	210,000	0
Main Roads WA	Regional Road Group	0	966,050	966,050	0
RADS Transport	Sealing project Airport	0	0	0	0
	<i>Sub total</i>	213,716	2,082,700	2,070,570	225,846
TOTAL NON OPERATING GRANTS		875,682	2,082,700	2,599,661	358,721
TOTAL UNSPENT GRANTS, SUBSIDIES & CONTRIBUTIONS		7,027,380	10,000,654	15,897,489	1,130,545

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	NOTE	2012/2013 Actual \$	2012/2013 Budget \$	2011/2012 Actual \$
Cash - Unrestricted	4	10,477,252	644,762	5,585,584
Cash - Restricted	4	5,419,335	3,175,660	11,391,253
		<u>15,896,587</u>	<u>3,820,422</u>	<u>16,976,837</u>

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

Net Result		(4,961,693)	(8,015,354)	3,681,207
Depreciation		3,205,672	3,450,242	2,883,080
(Profit)/Loss on Sale of Asset		(6,638)	(4,919)	(109,678)
(Increase)/Decrease in Receivables		(535,395)	1,053,675	(221,224)
Increase/(Decrease) in Doubtful Debts		3,719	(36,493)	12,582
(Increase)/Decrease in Inventories		(91,142)	50,250	(36,081)
Increase/(Decrease) in Payables		6,152,151	469,520	33,443
Increase/(Decrease) in Employee Provisions		94,746	(166,392)	173,459
Grants/Contributions for the Development of Assets		(2,105,685)	(5,559,106)	(2,512,227)
Net Cash from Operating Activities		<u>1,755,735</u>	<u>(8,758,577)</u>	<u>3,904,561</u>

(c) Credit Standby Arrangements

Bank Overdraft limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		0	0	0
Credit Card Limit		200,000	75,000	200,000
Credit Card Balance at Balance Date		0	0	0
Total Amount of Credit Unused		<u>1,200,000</u>	<u>1,075,000</u>	<u>1,200,000</u>

(d) Loan Facilities

Loan Facilities - Current		98,647	98,647	80,311
Loan Facilities - Non-Current		1,269,451	1,269,451	1,368,098
Total Facilities in Use at Balance Date		<u>1,368,098</u>	<u>1,368,098</u>	<u>1,448,409</u>
Unused Loan Facilities	19	<u>0</u>	<u>0</u>	<u>0</u>

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments to report for the year ended 30 June 2013

(b) Operating Lease Commitments

There are no operating commitments to report for the year ended 30 June 2013

(c) Capital Expenditure Commitments

		2012/2013	2012/2013
	Proposed	Total Works In	New Works In
	Project	Progress	Progress
Public Toilet Dump Point	400,000	123,873	111,680
Youth Services Centre*	510,000	7,233	0
Yarliyl Arts Centre*	1,424,355	15,001	12,566
Lot 141 Jingull St	513,200	4,510	4,510
Lot 134 Jingull St	416,850	3,797	3,797
Lot 190 Bridge St**	0	4,091	4,091
Relocate Dongas to Racecourse ¹	40,000	2,520	2,520
Lot 120 Roberta*	750,000	6,178	6,178
Roads - Tanami	380,748	240,086	240,086
Roads - Nicholson Block	400,000	6,086	6,086
Roads - Mardiwah Loop	75,409	12,146	12,146
	<u>4,910,562</u>	<u>425,521</u>	<u>403,660</u>

As at 30 June 2013 an unexpended contractual obligation of \$1,795,709 was in place for the construction contract entered on above projects.

* These projects are anticipated to be completed by 30 June 2013 and are as forecast in the 2012/13 Budget but no external commitments have been entered.

** The project has been included in the 2012/13 budget and has been subsequently cancelled. Therefore, no commitments exist at the year end.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

16. TRUST FUNDS

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

	Balance 01-July-2012	Amounts Received	Amounts Paid	Balance 30-June-2013
	\$	\$	\$	\$
Staff Christmas Club	300	0	300	0
Staff Housing Bonds	1,480	7,422	5,476	3,426
Facility Bond Hire	5,900	21,450	17,600	9,750
BCITF	7,506	57,712	51,796	13,422
Unclaimed wages	30,751	9,005	726	39,030
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Election Nominations	0	0	0	0
Tourism Operators	75,416	597,640	592,316	80,740
Library Membership deposits	2,180	560	0	2,740
DPI Vehicle Licensing	10,203	259,831	278,157	(8,123)
Telecentre Income	49,798	0	196	49,602
Yarliyil Art Gallery	116	72,817	67,401	5,532
Refuse kerb Deposits	500	6,000	1,000	5,500
General Donation	235	600	0	835
Retention Funds	0	164,978	52,418	112,560
COAG & Other Government Fu	176,857	1,100	5,200	172,757
	<u>368,907</u>	<u>1,199,115</u>	<u>1,072,586</u>	<u>495,436</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION

	2012/2013 Actual \$	2011/2012 Actual \$
Governance	1,365	2,852
General Purpose Funding	356,950	365,811
Law, Order, Public Safety	20,923	28,460
Health	8,755	3,240
Education and Welfare	39,079	22,510
Housing	7,186,147	6,568,499
Community Amenities	291,493	176,654
Recreation and Culture	10,091,719	10,307,129
Transport	10,667,609	9,602,469
Economic Services	485,662	394,117
Other Property and Services	3,818,427	3,437,276
Unallocated (Cash)	<u>16,541,169</u>	<u>17,080,017</u>
	<u>49,509,298</u>	<u>47,989,034</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

18. FINANCIAL RATIOS	2012/2013	2011/2012	2010/2011
Current Ratio	1.697	7.921	8.728
Asset Sustainability Ratio	1.019	1.024	0.818
Operating Surplus Ratio	(1.963)	0.311	(0.581)
Debt Service Cover Ratio	(21.684)	24.830	7.914
Own Source Revenue Ratio	0.193	0.310	0.261

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{Capital Renewal and Replacement Expenditure}}{\text{Depreciation Expense}}$
Operating Surplus Ratio	$\frac{\text{Operating Revenue minus Operating Expense}}{\text{Own Source Operating Revenue}}$
Debt Service Cover Ratio	$\frac{\text{Operating Surplus before Interest and Depreciation}}{\text{Principal and Interest on Loans}}$
Own Source Revenue Ratio	$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$

Notes: Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at the Supplementary Ratios information on page 53 of this document.

Three of the 2012/2013 ratios disclosed above are distorted by items of significant expense on Kimberley Aboriginal Community Housing Project grant refund of \$5,436,507. This amount forms part of operating expenses and has been included in the calculation above.

These item of significant expense is considered to be "one-off" , if it was ignored, the calculation disclosed in the 2012/2013 column above would be as follows.

	2012/2013
Operating Surplus Ratio	(0.448)
Debt Service Cover Ratio	9.783
Own Source Revenue Ratio	0.274

19. LONG TERM BORROWINGS (Detail)

(i) Debenture Repayments

Particulars	Principal 1-Jul-12	New Loans	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual	Budget	Actual	Budget	Rate	Budget
Housing							%	
Loan 22 - CEO house	11,404	0	11,404	11,404	0	0	5.57	0
Loan 23 - Triple x	444,270	0	23,691	23,691	420,579	420,579	6.58	28,497
Loan 24 - Office Redevelopment	70,303	0	16,101	16,101	54,202	54,202	5.79	3,460
Loan 25 - Housing Units	922,432	0	29,115	29,115	893,317	893,317	6.65	60,499
	1,448,409	0	80,311	80,311	1,368,098	1,368,098		92,456

(ii) New Debentures - 2012/2013

There were no new debentures or loans taken in financial year 2012/2013

(iii) Overdraft

Council has an operational overdraft of \$1 million on its Municipal Account, but has not utilised the facility this year.

20. RATING INFORMATION - 2012/13 FINANCIAL YEAR

RATE TYPE	Rate in \$ (cents)	Number of Properties	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
General Rate										
GRV Town	6.4100	307	10,193,020	659,373	(15,688)	643,685	653,373	0	0	653,373
GRV Town Vacant	10.8100	26	54,890	5,934		5,934	5,934	0	0	5,934
UV Rural/Pastoral	2.3000	33	12,588,660	289,589	(8,037)	281,552	289,539	0	0	289,539
UV Mining	30.6500	40	1,197,507	377,536	(31,417)	346,119	367,036	0	0	367,036
UV Prospecting/Exploration	15.3000	262	1,964,734	300,604		300,604	300,604	0	0	300,604
Sub-Totals		668	25,998,811	1,633,036	(55,142)	1,577,894	1,616,486	0	0	1,616,486
Minimum Rate	Minimum \$									
GRV Town	665	9	30,180	5,985	0	5,985	5,985	0	0	5,985
GRV Town Vacant	1250	24	92,735	30,000	0	30,000	30,000	0	0	30,000
UV Rural/Pastoral	625	4	25,000	2,500	0	2,500	2,500	0	0	2,500
UV Mining	625	6	5,123	3,750	0	3,750	3,750	0	0	3,750
UV Prospecting/Exploration	625	164	294,130	84,375	0	84,375	84,375	0	0	84,375
Sub-Totals		207	447,168	126,610	0	126,610	126,610	0	0	126,610
Ex Gratia						0	0	0	0	0
Total General Rate						1,704,504	1,743,096	0	0	1,743,096
Specified Area Rate (Note 21)						0	0	0	0	0
Total Rates						1,704,504	1,743,096	0	0	1,743,096

21. SPECIFIED AREA RATE - 2012/2013 FINANCIAL YEAR

Nil

22. SERVICE CHARGES - 2012/2013 FINANCIAL YEAR

T V and Radio Rebroadcasting

This service charges is for the provision of television re-broadcasting. It is applicable to all owners of properties within a designated area. The proceeds are applied in full to the actual cost to the Shire for the re-broadcasting service.

2012/2013 Actual	2012/2013 Budget	2011/2013 Actual
\$	\$	\$
19,425	17,550	17,550

**23. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
2012/2013 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Sundry Debtors	Write Off	NA	5,774	500
Rates Debtors	Write-Off	NA	16,777	1,000
Community Facility Hire Grants	Subsidy	NA	3,500	10,000

The Shire of Halls Creek does not grant a discount for the early payment of rates appearing on the rate notice.

The Council has agreed to waive, reduce or refund facility hire charges for approved applicants only.

The final cost of fees forgone are shown above as "community facility hire grants"

24. INTEREST CHARGES AND INSTALMENTS - 2012/2013 FINANCIAL YEAR

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11	0	28,208	15,000
Interest on Instalment Plan	6	0	4,783	6,000
Interest on Sundry Debtors	11	0	0	2,500
<i>Total Interest</i>			32,991	23,500
Charges on Instalment Plan		9	3,465	4,500
<i>Total Charges</i>		9	3,465	4,500

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

25. GRANT REVENUE

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

	2012/2013	2011/2012
	Actual	Actual
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	7,917,954	8,785,091
Non-Operating Grants, Subsidies and Contributions	2,082,700	2,604,172
	<u>10,000,654</u>	<u>11,389,263</u>
By Program:		
Governance	200,000	0
General Purpose Funding	4,124,542	6,136,389
Law, Order, Public Safety	9,106	0
Health	169,956	363,027
Education and Welfare	1,036,425	662,093
Housing	20,000	1,892,230
Community Amenities	0	0
Recreation and Culture	26,908	25,394
Transport	4,123,550	1,177,141
Economic Services	2,073	200,000
Other Property and Services	288,094	932,989
	<u>10,000,654</u>	<u>11,389,263</u>

	2012/2013	2011/2012
	Actual	Actual
26. FEES & CHARGES	\$	\$
General Purpose Funding	16,479	18,535
Governance	502	0
Law, Order, Public Safety	3,224	4,465
Health	32,287	5,546
Education & Welfare	3,160	1,546
Housing	119,596	101,956
Community Amenities	381,698	239,647
Recreation & Culture	188,419	111,075
Transport	5,209	27,268
Economic Services	431,214	368,138
Other Property & Services	13,772	76,597
	<u>1,195,560</u>	<u>954,773</u>

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	2012/2013	2012/2013	2011/2012
	Actual	Budget	Actual
	\$	\$	\$
27. COUNCILLORS' REMUNERATION			
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	25,942	31,000	18,826
Travelling Expenses	2,822	6,000	4,506
Telecommunications	15,342	14,000	5,427
President's Allowance	5,538	7,000	5,341
Deputy President's Allowance	1,380	1,750	1,222
	<u>51,024</u>	<u>59,750</u>	<u>35,322</u>

28. EMPLOYEES' REMUNERATION

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

Salary Range	2012/2013	2011/2012
\$		
100,000 - 110,000	1	1
120,000 - 130,000	0	1
140,000 - 150,000	1	0
190,000 - 200,000	0	0
220,000 - 230,000	<u>1</u>	<u>1</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent Employees at balance date

2012/2013	2011/2012
<u>40</u>	<u>40</u>

30. MAJOR LAND TRANSACTIONS

No major land transactions were completed during the period

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No trading undertakings or major trading undertakings occurred during the period

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

32. NET CURRENT ASSETS

Composition of Net Current Asset Position
Analysis of estimated and actual surplus/deficit.

		*			
	Financial Year	2012/2013	2012/2013	2011/2012	2011/2012
	As At	30/06/2013	30/06/2013	1/07/2012	1/07/2012
		Actual	Budget	Actual	Budget
		\$	\$	\$	\$
CURRENT ASSETS					
Cash - Unrestricted		10,477,252	644,762	5,585,584	4,962,406
Cash - Restricted		5,419,335	1,834,335	11,391,253	12,014,432
Trade and other Receivables		1,185,680	260,000	654,004	1,277,182
Inventories		193,392	52,000	102,250	102,250
<i>Total Current Assets</i>		<i>17,275,659</i>	<i>2,791,097</i>	<i>17,733,091</i>	<i>18,356,270</i>
LESS: CURRENT LIABILITIES					
Trade and other Payables		(6,514,341)	(956,762)	(366,513)	(487,242)
Rates in Advance		(17,882)	0	(18,023)	0
Long Term Borrowings		(98,647)	(65,470)	(80,311)	(80,311)
Accrued Expenditure		(107,170)	0	(102,706)	0
Employee Provisions		(536,304)	(295,000)	(488,392)	(488,392)
<i>Total Current Liabilities</i>		<i>(7,274,344)</i>	<i>(1,317,232)</i>	<i>(1,055,945)</i>	<i>(1,055,945)</i>
NET CURRENT ASSET POSITION		10,001,315	1,473,865	16,677,146	17,300,325
Adjustments for:					
Items not included in calculation of Surplus/(Deficiency)					
Less: Reserve Accounts		(4,288,790)	(1,834,335)	(4,363,873)	(4,363,874)
Add: Employee Provisions (Provided for within Budget)		536,304	295,000	488,392	488,392
Add: Long Term Borrowings (Provided for within Budget)		98,647	65,470	80,311	80,311
Surplus carried Forward		6,347,476	0	12,881,976	13,505,154

The surplus carried forward in the 2011/2012 Budget column represents the anticipated surplus used for opening funds in the 2012/2013 Budget.

The surplus carried forward in the 2011/2012 Actual column represents the actual surplus as shown on the audited financial statements for 2011/2012.

The variance of \$623,178 represents a grant for construction of the Arts centre that was at the time of budget expected to be received. The grant, in fact was not due until the current year. This had no effect on the budget for 2012 - 2013.

The surplus carried forward in the 2012/2013 Budget column represents the anticipated surplus as at 30 June 2013.

The surplus carried forward in the 2012/2013 Actual column represents the actual surplus as at 30 June 2013.

There was no difference between the surplus on 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus Carried Forward position as disclosed in the 2012 audited financial report which is represented by the column marked *.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

33. DISPOSAL & REPLACEMENT OF ASSETS

(a) The following assets were purchased during the year

	Asset No	G/L Account	Work In Progress \$	New Purchase \$	Asset Value \$	Budget \$
Buildings						
237 Quilty Fit Out		951707	0	70,526	70,526	65,000
237 Quilty		951726	1,240,156	748,168	1,988,324	833,848
Oval Change Rooms		114706	0	21,062	21,062	30,621
Visitor Centre Screens		130802	0	18,781	18,781	20,000
Visitor Centre - Electrical		130803	0	3,640	3,640	6,000
Office Additions		450740	0	51,706	51,706	250,000
Shade Structures		112803	0	20,144	20,144	30,621
			1,240,156	934,027	2,174,183	1,236,090
Plant and Equipment						
Great Wall X200 Wagon	1045	450728	0	34,373	34,373	29,000
Great Wall X200 Wagon	1593	450728	0	34,372	34,372	29,000
Great Wall X200 Wagon	1595	450728	0	34,372	34,372	29,000
Hino 500 Garbage Compactor	1592	101703	0	296,111	296,111	330,000
Honda Quad Bike	3079	101702	0	7,080	7,080	17,000
Tennant ATLV All Terrain	7064	123572	0	59,721	59,721	60,000
					0	
<i>sub total</i>			0	466,029	466,029	494,000
Infrastructure - Roads						
			0	0	0	3,225,060
Tanami Rd		120004	0	531,252	531,252	0
Tanami Rd 2013 - 2014		120020	236,961	0	0	0
Gordon Downs		120304	0	252,597	252,597	0
Balgo		120208	0	279,096	279,096	0
Lake Gregory		120209	0	376,219	376,219	0
Duncan Rd Seal		120021	0	1,177,616	1,177,616	0
Sophie Downs Floodway		20025	0	130,500	130,500	0
Old Town Floodway		20026	0	112,739	112,739	0
Nicholson Block Seal		20015	6,086	0	0	0
Mardiwah Loop Footpath		20016	12,146	0	0	0
<i>sub total</i>			255,193	2,860,019	2,860,019	3,225,060
Infrastructure - Other						
Civic Hall Fence	133	114712	0	34,285	34,285	50,000
Civic Hall Drinking Fountain	139	114708	0	4,700	4,700	6,300
Oval Reticulation	141	115747	0	3,689	3,689	30,000
Playground Equipment	150	115736	0	40,786	40,786	0
Chemical Shed - Pool	3102	112807	0	6,000	6,000	10,000
Lighting Upgrade - Basketball Courts	52	114709	0	17,670	17,670	30,000
Play Equipment - Aquatic Centre	7019	112809	0	19,000	19,000	10,000
Cemetery Infrastructure	7060	108701	0	47,694	47,694	15,000
Garden Seats		115746	0	1,002	1,002	50,000
Oval Water Tank		115713	0	51,780	51,780	60,000
<i>sub total</i>			0	226,606	226,606	261,300
Total Assets			1,495,349	4,486,681	5,726,837	5,216,450

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

33. DISPOSAL & REPLACEMENT OF ASSETS (Continued)

(b) The following assets were disposed of during the year.

	Asset No	Historical Cost \$	Accumulated Depreciation \$	Net Book Value		Sale Price		Profit (Loss)	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Furniture and Equipment									
ADSL Network	2050	6,123	6,123	0	0	0	0	0	0
Bridge St Furniture	3047	13,427	13,427	0	0	0	0	0	0
Photocopier Toshiba	3056	17,976	17,976	0	0	0	0	0	0
Records Scanner	3076	19,879	19,879	0	0	0	0	0	0
Chairs	3096	7,329	7,329	0	0	0	0	0	0
Flat Screen	3097	9,344	9,344	0	0	0	0	0	0
Desktops	3098	5,545	5,545	0	0	0	0	0	0
Laptop	3099	1,727	1,727	0	0	0	0	0	0
Monitors	3100	2,127	2,127	0	0	0	0	0	0
Computer	7045	8,281	8,281	0	0	0	0	0	0
Desktops	7046	12,489	12,489	0	0	0	0	0	0
Lounge Suite	7048	4,361	4,361	0	0	0	0	0	0
Workstations	7049	5,509	5,509	0	0	0	0	0	0
Furniture	7050	2,810	2,810	0	0	0	0	0	0
Blankets	7055	22,634	22,634	0	0	0	0	0	0
Blankets	7056	4,802	4,802	0	0	0	0	0	0
Desktops	7061	7,882	7,882	0	0	0	0	0	0
<i>sub total</i>		<i>152,245</i>	<i>152,245</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Plant and Equipment									
Water Tank (on Trailer)	24	6,398	6,398	0	0	0	0	0	0
Holden Commodore HC5	3060	29,366	26,299	3,067	0	3,127	0	60	0
Holden Commodore HC14	3062	18,181	12,856	5,325	0	3,127	0	(2,198)	0
Toyota Prado	3065	44,670	30,718	13,952	0	22,728	0	8,776	0
Sundry Tools	3037	5,738	5,738	0	0	0	0	0	0
<i>sub total</i>		<i>104,353</i>	<i>82,009</i>	<i>22,344</i>	<i>0</i>	<i>28,982</i>	<i>0</i>	<i>6,638</i>	<i>0</i>
		256,598	234,254	22,344	0	28,982	0	6,638	0

34. 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	15,896,587	16,976,837	15,896,587	16,976,837
Receivables	1,185,680	654,004	1,185,680	654,004
	<u>17,082,267</u>	<u>17,630,841</u>	<u>17,082,267</u>	<u>17,630,841</u>
Financial Liabilities				
Payables	6,639,393	487,242	6,639,393	487,242
Borrowings	1,368,098	1,448,409	1,361,258	1,433,925
	<u>8,007,491</u>	<u>1,935,651</u>	<u>8,000,651</u>	<u>1,921,167</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.

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

(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. 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.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

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 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.

	30-Jun-13	30-Jun-12
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	158,966	169,768
- Statement of Comprehensive Income	158,966	169,768

Notes:

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

(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.

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

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

	30-Jun-13	30-Jun-12
Percentage of Rates and Annual Charges		
- Current	48.80%	44.57%
- Overdue	51.20%	55.43%
Percentage of Other Receivables		
- Current	88.22%	85.69%
- Overdue	11.78%	14.31%

(c) Payables and Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	6,639,393	0	0	6,639,393	6,639,393
Borrowings	<u>217,282</u>	<u>702,557</u>	<u>1,242,499</u>	<u>2,162,338</u>	<u>1,368,098</u>
	<u><u>6,856,675</u></u>	<u><u>702,557</u></u>	<u><u>1,242,499</u></u>	<u><u>8,801,731</u></u>	<u><u>8,007,491</u></u>
<u>2012</u>					
Payables	487,242	0	0	487,242	487,242
Borrowings	<u>176,985</u>	<u>776,278</u>	<u>1,386,060</u>	<u>2,339,323</u>	<u>1,448,409</u>
	<u><u>664,227</u></u>	<u><u>776,278</u></u>	<u><u>1,386,060</u></u>	<u><u>2,826,565</u></u>	<u><u>1,935,651</u></u>

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:

Shire of Halls Creek Annual Report for Year Ended 30 June 2013

	<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 2013								
Borrowings								
Fixed Rate								
Debentures	0	0	54,202	0	0	1,313,896	1,368,098	6.64%
Weighted Average Effective Interest Rate	0%	0.00%	6%	0%	0.00%	6.68%		
Year Ended 30 June 2012								
Borrowings								
Fixed Rate								
Debentures	11404	0	0	70,302	0	1,366,702	1,448,408	6.64%
Weighted Average Effective Interest Rate	7%	0.00%	0.00%	6%	0.00%	6.68%		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF HALLS CREEK**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the Shire of Halls Creek, which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 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).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF HALLS CREEK (CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the audit we became aware of the following instance where the Council did not comply with the Financial Management Regulations 1996 (as amended).

Investment Policy

The Council's investment policy regarding the restrictions on investment of money does not comply with Financial Management Regulation 19C.

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 53 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS,



DAVID TOMASI
PARTNER

Date: 28 November 2013
Perth, WA