



Shire of Halls Creek

ANNUAL REPORT

For Year Ended 30 June 2014

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1.0 REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

It is with pleasure that as Shire President, I write this joint report with the Chief Executive Officer for the 2014 year. It has been a year of change, challenge and opportunity.

1. Making Plans

2014 has been strongly focused on submitting to and making strategic plans for Northern Australia, the Kimberley and Halls Creek. The Shire has made substantial contributions to the Kimberley Regional Planning and Infrastructure Framework, the Kimberley Investment Blueprint and the Pivot North Report on Northern Australia. These submissions have seen recognition of the importance of the Tanami Road as the “third gateway” to the Kimberley and the absolute need to ensure improved liveability for all the residents of the Shire and the Kimberley at both Federal and State level.

The Shire has also focused on ensuring that the Strategic Community Plan more accurately reflects the needs of the Shire Halls Creek communities and a great deal of work has been done to ensure that there is a Local Planning Strategy which covers the whole Shire and not just the townsite.

We particularly want to thank all of the residents and contributors for their effort and energy in making the submissions and plans happen for the future of the Shire.

2. Roads

For the first time in 28 years, there is some light on the horizon for the Tanami Road. As a result of extensive lobbying with the State, Territory and Federal Authorities it now seems possible that we can anticipate the start of the bituminization of the Tanami following on from the support which the Shire has received from the Premier of WA. As we write this report, the Shire is involved in the completion of a major study with the State and Territory for presentation to Infrastructure Australia for the planning and the funding of the project.



The Duncan Road has not been left out of our thinking, even with the exciting times of the Tanami. The Shire is working closely with Northern Minerals to improve the quality of the Duncan Road over the coming 12 months to support the rare earth mine in Browns Range. In association with Northern Minerals, the Shire expects to see expenditure of over \$20 million on the Duncan and Gordon Downs Roads. We wish Northern Minerals well with this important project for the Shire and hope that it will bring lots of employment for the residents.

3. Projects

It's been a busy year for the Shire for getting projects done. In the course of the year, we have built two new houses for staff; the Yarliylil Arts Centre construction has started and should be finished by December and Water Corp have commissioned new water bores and upgraded the Welman Road sewage pumping station for the town which will help support the expansion of more new houses in the town.

In the Environmental Health area, the Shire has been active in Halls Creek and remote communities helping the community to live in a healthier place. The Trachoma project has been particularly successful with every community except one having reduced the incidents of Trachoma to less than 10%; Along with this there has been a well-supported Dog De-sexing program and a consequent reduction in dogs euthanised.



4. Extraordinary Events

One of the largest challenges for the Shire this year has been the uncertainty around the future funding of remote communities. Remote communities are part of the very fabric of the Shire so it will always be high on the agenda to ensure that they are properly funded. The Shire has had many interactions with the State and Federal Government in an attempt to get some certainty around the



future of the remote communities; sadly no such certainty yet exists. The Shire will continue to advocate strongly for all its communities both large and small and again as we write the Shire is working to construct Memorandum of Understanding with those communities in attempt to support them through these challenging times. Residents of the Shire, no matter where they live, should be clear that the Shire will stand behind them to get the best

outcome for their future that can be achieved, even as the Federal Government has withdrawn its support for remote Aboriginal communities.

The year has had its own collection of extraordinary events. The year started with a series of floods during the wet season which cost around \$3.5 million to sort out. The clean-up work after the floods was effective; we got the roads open and we are now half-way through the repair program to deal with the damage that was caused. I am very pleased to thank the Federal and State Government for funding all of this repair work which is crucial in keeping the Shire roads in the best possible condition so we can all get around.

Mining has had a large upswing this year with the development of the gold prospects at Lamboo Station by Bulletin Resources, the development of the gold prospect down at the Territory border on the Tanami by ABN Limited and of course the Rare Earth Mine at Browns Range. We take this opportunity to thank Northern Minerals for the very positive way they have worked with both the Shire and the Traditional Land Owners in making their project something the whole Shire can be proud of.

Halls Creek Travel & Tourism gained an international travel agency license and can now assist residents and tourists alike with all of their domestic and international travel, as well as selling foreign currency.



The Youth and Community Services Team have had their first full year of operation working with young people to keep them out of the hands of Police and Courts. We are very mindful that the best start in life for all young people is the most important thing that we can help them with, so we are very pleased that the Shire Youth Services Diversionary Programme has had such a major impact in reducing reoffending such that of all the young people in the Shire youth programme who went before the courts this year only 9% have had a second visit to the Magistrates. Well done Margie and team!

5. Staff

The year has been one of continuing development for Shire staff with many new faces. All of the new staff are warmly welcome to the Kimberley and I am sure that they will make a strong contribution to making Halls Creek extraordinary. To all of the residents of the Shire, the office door is always open and we welcome all your comments on how we could do better and any praise when we have done our job better than you expected.



To Mario Jazyk, congratulations on your 30 years of work for the Shire. To Darrylin Gordon, well done on representing the Kimberley electorate at the 2014 Youth Parliament. To Heather Perkins, so good to see you to get your Arts and Social Sciences Degree. To Jeannette Swan well done on receiving a scholarship to attend the National Gallery of Australia's Westfarmer Indigenous Arts Leadership programme in Canberra. To Chris Telenta on gaining his International Travel Agent license. To Craig Walker congratulations on coming second in the WA Ranger of the Year competition and finally we note that Cr McKay and myself, Cr Edwards, both received WALGA Long and Loyal Service Awards presented by Minister of Local Government, The Hon Tony Simpson MLA.

6. Looking Forward

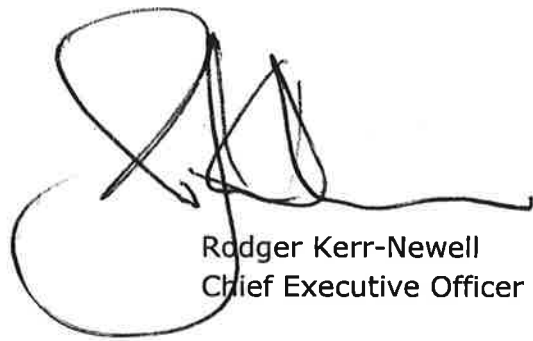
Building on the progress we made in 2014, we can look forward to strong progress in 2015. We expect to sign off the new reviewed Strategic Community Plan in March 2015 and upgrade the Integrated Planning Framework in the months following to ensure a sustainable future going forward. By the middle of 2015 we will have built an additional nine houses for the Shire staff so that most of our employees can expect a house with their job. We will hopefully have found some answers to the continued uncertainty around municipal funding of remote communities and at the very least have our own Memorandums of Understanding with the remote communities.

Best of all, we are looking forward to opening a Tip Shop where for the first time in some years, we will all be able to go and get that vital piece of material from the Tip that may assist our home projects and make our cars work.

We wish every member of the community, our Shire Councillors and all the staff of the Shire well for the coming year and look forward to building a stronger and better Shire of Halls Creek together in 2015.



Cr Malcolm Edwards
Shire President



Rodger Kerr-Newell
Chief Executive Officer

2.0 STATUTORY REPORTS

2.1 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 2013-2014 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.

2.2 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 was completed and submitted to the Disability Services Commission

before being endorsed by Council at the Ordinary Council Meeting in November 2013.

2.3 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 was submitted to and approved by the State Records Commission in March 2014.

2.4 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. In 2013 Council completed a mandatory Strategic Community Plan, Draft Corporate Business Plan, Workforce Plan, Long Term Financial Plan and Asset Management Plan. This Strategic Community Plan is currently under review with an aim to be completed by March 2015.

2.5 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. This information is set out below.

Salary Range \$	2013/14	2012/13
100,000 - 110,000	2	1
110,000 - 120,000	1	0
120,000 - 130,000	1	0
140,000 - 150,000	0	1
190,000 - 200,000	0	0
220,000 - 230,000	1	1

2.6 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.

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 2014

No FOI applications were received in the 2013-2014 reporting year.

2.7 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 2014, the Shire of Halls Creek had no complaints of this nature to disclose.

3.0 Annual Financial Report

The following 46 pages constitute the Shire of Halls Creek Financial Reporting for the year ending 30 June 2014.

SHIRE OF HALLS CREEK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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SHIRE OF HALLS CREEK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the day of 2014


Rodger Kerr-Newell
CHIEF EXECUTIVE OFFICER

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

SHIRE OF HALLS CREEK

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE FOR THE YEAR ENDED 30 JUNE 2014

	Note	2013/14 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Revenue				
Rates	23	1,774,194	1,744,660	1,704,504
Operating Grants, Subsidies and Contributions	28	3,547,847	3,891,638	7,917,954
Service Charges	25	18,750	19,425	19,425
Fees and Charges	29	1,087,233	1,260,035	1,243,584
Interest Earnings	2	364,790	297,600	612,524
Other Revenue	2	20,489	0	9,198
		<u>6,813,303</u>	<u>7,213,358</u>	<u>11,507,189</u>
Expenses				
Employee Costs		(4,105,240)	(4,451,547)	(3,387,239)
Materials and Contracts		(4,574,207)	(5,648,151)	(5,439,536)
Utility Charges		(397,675)	(526,527)	(457,847)
Depreciation on Non-current Assets	2	(3,156,030)	(3,110,566)	(3,205,672)
Insurance Expense		(400,185)	(471,386)	(444,014)
Interest Expense	22	(87,786)	(87,786)	(92,456)
Other Expenditure		(250,505)	0	(5,531,456)
		<u>(12,971,628)</u>	<u>(14,295,963)</u>	<u>(18,558,220)</u>
		(6,158,325)	(7,082,605)	(7,051,031)
Non Operating Grants, Subsidies and Contributions	28	3,166,285	5,489,315	2,082,700
Profit on Asset Disposals	35	15,878	30,400	8,836
Loss on Asset Disposals	35	(558)	0	(2,198)
Net Result		(2,976,720)	(1,562,890)	(4,961,693)
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	12,395,406	0	315,370
Total Other Comprehensive Income		12,395,406	0	315,370
Total Comprehensive Income		9,418,686	(1,562,890)	(4,646,323)

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

SHIRE OF HALLS CREEK

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM FOR THE YEAR ENDED 30 JUNE 2014

	Note	2013/14 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Revenue				
Governance		0	0	200,502
General Purpose Funding		3,895,678	3,875,012	6,364,077
Law, Order, Public Safety		118,309	15,500	12,330
Health		385,937	359,904	202,243
Education and Welfare		389,287	923,515	1,039,585
Housing		142,389	142,000	139,596
Community Amenities		389,343	387,000	381,698
Recreation and Culture		233,690	298,615	234,751
Transport		162,509	167,924	2,054,895
Economic Services		403,077	447,500	433,469
Other Property and Services		693,084	596,388	444,043
		<u>6,813,303</u>	<u>7,213,358</u>	<u>11,507,189</u>
Expenses Excluding Finance Costs				
Governance		(776,226)	(1,081,636)	(488,957)
General Purpose Funding		(612,009)	(595,270)	(524,688)
Law, Order, Public Safety		(400,384)	(469,328)	(392,327)
Health		(621,547)	(704,678)	(538,724)
Education and Welfare		(1,095,632)	(1,417,069)	(893,026)
Housing		(69,456)	(56,701)	(50,613)
Community Amenities		(1,329,015)	(1,551,713)	(1,184,207)
Recreation and Culture		(2,078,806)	(2,364,427)	(1,877,583)
Transport		(3,574,887)	(3,568,587)	(5,061,604)
Economic Services		(1,131,286)	(1,414,269)	(1,025,550)
Other Property and Services		(1,194,594)	(984,497)	(6,428,485)
		<u>(12,883,842)</u>	<u>(14,208,177)</u>	<u>(18,465,764)</u>
Finance Costs				
Housing		(85,299)	(85,299)	(88,996)
Other Property and Services		(2,487)	(2,487)	(3,460)
	22	<u>(87,786)</u>	<u>(87,786)</u>	<u>(92,456)</u>
Non-Operating Grants, Subsidies and Contributions				
Housing		845,655	3,356,288	0
Transport		1,579,452	2,133,027	2,082,700
Other Property and Services		741,178	0	0
		<u>3,166,285</u>	<u>5,489,315</u>	<u>2,082,700</u>
Profit & (Loss) on Asset Disposals				
Health		12,022	30,400	0
Other Property and Services		3,298	0	6,638
	35	<u>15,320</u>	<u>30,400</u>	<u>6,638</u>
Net Result		(2,976,720)	(1,562,890)	(4,961,693)
Other Comprehensive Income				
Changes on revaluation of non current assets	13	12,395,406	0	315,370
Total Other Comprehensive Income		<u>12,395,406</u>	<u>0</u>	<u>315,370</u>
Total Comprehensive Income		<u>9,418,686</u>	<u>(1,562,890)</u>	<u>(4,646,323)</u>

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

SHIRE OF HALLS CREEK

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

		2013/14 Actual \$	2012/13 Actual \$
CURRENT ASSETS	Note		
Cash and Cash Equivalents	3	6,654,528	15,896,587
Trade and Other Receivables	4	1,212,616	1,185,680
Inventories	5	261,032	193,392
TOTAL CURRENT ASSETS		8,128,176	17,275,659
NON-CURRENT ASSETS			
Inventories - Work In Progress	6	198,250	425,521
Property, Plant and Equipment	7	34,625,355	21,786,371
Infrastructure	8	9,933,648	10,021,747
TOTAL NON-CURRENT ASSETS		44,757,253	32,233,639
TOTAL ASSETS		52,885,429	49,509,298
CURRENT LIABILITIES			
Trade and Other Payables	9	732,074	6,639,393
Provisions	10	484,683	536,304
Current Portion of Long Term Borrowings	11	80,780	98,647
TOTAL CURRENT LIABILITIES		1,297,537	7,274,344
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	1,175,384	1,269,451
Provisions	10	75,155	46,834
TOTAL NON-CURRENT LIABILITIES		1,250,539	1,316,285
TOTAL LIABILITIES		2,548,076	8,590,629
NET ASSETS		50,337,353	40,918,669
EQUITY			
Retained Surplus		33,253,481	36,314,509
Reserves - Cash Backed	12	4,373,097	4,288,790
Revaluation Surplus	13	12,710,776	315,370
TOTAL EQUITY		50,337,353	40,918,669

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

SHIRE OF HALLS CREEK

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		41,201,117	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	13	0	0	315,370	315,370
Total Comprehensive Income		<u>(4,961,693)</u>	<u>0</u>	<u>315,370</u>	<u>(4,646,323)</u>
Transfers from/(to) Reserves	12	<u>75,083</u>	<u>(75,083)</u>	<u>0</u>	<u>0</u>
Balance at 30 June 2013		36,314,507	4,288,790	315,370	40,918,669
Comprehensive Income					
Net Result		(2,976,720)	0	0	(2,976,720)
Changes on Revaluation of Non-Current Assets		<u>0</u>	<u>0</u>	<u>12,395,406</u>	<u>12,395,406</u>
Total Comprehensive Income		<u>(2,976,720)</u>	<u>0</u>	<u>12,395,406</u>	<u>9,418,686</u>
Transfers from/(to) Reserves	12	<u>(84,307)</u>	<u>84,307</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2014		<u>33,253,481</u>	<u>4,373,097</u>	<u>12,710,776</u>	<u>50,337,353</u>

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

SHIRE OF HALLS CREEK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

		2013/14 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,523,367	1,979,042	1,653,717
Operating Grants, Subsidies and Contributions		3,078,687	3,906,833	7,902,759
Service Charges		21,951	19,425	67,449
Fees and Charges		1,209,263	1,360,027	1,188,636
Interest Earnings		359,653	295,168	672,172
Goods and Services Tax		1,486,485	644,583	1,062,192
Other Revenue		20,489	0	362
		<u>7,699,895</u>	<u>8,205,078</u>	<u>12,547,287</u>
Payments				
Employee Costs		(4,136,131)	(4,564,146)	(3,229,660)
Materials and Contracts		(4,603,181)	(1,286,032)	(4,841,973)
Utility Charges		(400,906)	(524,258)	(481,939)
Insurance Expenses		(399,851)	(471,386)	(444,014)
Interest Expenses		(133,449)	(87,221)	(95,422)
Goods and Services Tax		(823,204)	0	(1,603,595)
Other Expenses		(6,230,664)	(5,748,256)	(94,949)
		<u>(16,727,386)</u>	<u>(12,681,299)</u>	<u>(10,791,552)</u>
Net Cash Provided By (Used in) Operating Activities	15(b)	<u>(9,027,491)</u>	<u>(4,476,221)</u>	<u>1,755,735</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,587,180)	(4,569,126)	(1,400,056)
Payments for Construction of Infrastructure		(1,909,215)	(3,664,487)	(3,086,625)
Payments for Construction of Work in Progress		(198,250)	0	(403,660)
Non-Operating Grants, Subsidies and Contributions for the Development of Assets		3,166,285	5,558,274	2,105,685
Proceeds from Sale of Property, Plant & Equipment		<u>425,726</u>	<u>441,000</u>	<u>28,982</u>
Net Cash Provided by (Used in) Investing Activities		<u>(102,634)</u>	<u>(2,234,339)</u>	<u>(2,755,674)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		<u>(111,935)</u>	<u>(98,647)</u>	<u>(80,311)</u>
Net Cash Provided By (Used In) Financing Activities		<u>(111,935)</u>	<u>(98,647)</u>	<u>(80,311)</u>
Net Increase (Decrease) in Cash Held		<u>(9,242,060)</u>	<u>(6,809,205)</u>	<u>(1,080,250)</u>
Cash at Beginning of Year		15,896,587	15,896,587	16,976,837
Cash and Cash Equivalents at End of Year	15(a)	<u><u>6,654,528</u></u>	<u><u>9,087,382</u></u>	<u><u>15,896,587</u></u>

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

SHIRE OF HALLS CREEK

RATE SETTING STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2013/14 Actual \$	2013/14 Budget \$	2012/13 Actual \$
OPERATING REVENUES				
Governance		0	0	200,502
General Purpose Funding		2,153,824	2,115,352	4,659,573
Law, Order and Public Safety		118,309	15,500	12,330
Health		397,959	390,304	202,243
Education and Welfare		389,287	923,515	1,039,585
Housing		988,044	3,498,288	139,596
Community Amenities		389,343	387,000	381,698
Recreation and Culture		233,690	298,615	234,751
Transport		1,741,960	2,300,951	4,144,233
Economic Services		403,076	447,500	433,469
Other Property and Services		1,437,560	596,388	444,043
		<u>8,253,052</u>	<u>10,973,413</u>	<u>11,892,023</u>
OPERATING EXPENSES				
Governance		(776,226)	(1,081,636)	(488,957)
General Purpose Funding		(612,009)	(595,270)	(524,688)
Law, Order and Public Safety		(400,384)	(469,328)	(392,327)
Health		(621,547)	(704,678)	(538,724)
Education and Welfare		(1,095,632)	(1,417,069)	(893,026)
Housing		(154,755)	(142,000)	(139,609)
Community Amenities		(1,329,015)	(1,551,713)	(1,184,207)
Recreation and Culture		(2,078,806)	(2,364,427)	(1,877,583)
Transport		(3,574,887)	(3,568,587)	(5,061,604)
Economic Services		(1,131,286)	(1,414,269)	(1,025,550)
Other Property and Services		(1,197,078)	(986,985)	(6,431,945)
		<u>(12,971,629)</u>	<u>(14,295,963)</u>	<u>(18,558,220)</u>
Net results Excluding Rates		(4,718,574)	(3,322,550)	(6,666,197)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals		(15,320)	(30,400)	(6,638)
Depreciation on Assets		3,156,030	3,232,467	3,205,672
Movement in Employee Benefits		(23,297)	(83,138)	94,746
Capital Expenditure and Revenue				
Works in Progress		(198,250)	0	(403,660)
Purchase Land and Buildings		(1,306,071)	(4,169,126)	(934,027)
Purchase Infrastructure Assets - Roads		(1,874,942)	(2,210,337)	(2,860,019)
Purchase Plant and Equipment		(235,827)	(350,000)	(466,029)
Purchase Furniture and Equipment		(45,282)	(50,000)	0
Purchase Infrastructure - Other		(34,273)	(1,454,150)	(226,606)
Proceeds from Disposal of Assets		425,725	441,000	28,982
Repayment of Debentures		(111,935)	(98,647)	(80,311)
Transfers to Reserves (Restricted Assets)		(162,099)	(170,600)	(220,917)
Transfers from Reserves (Restricted Assets)		77,792	158,344	296,000
ADD Surplus July 1 B/Fwd	34	6,347,476	6,347,476	12,881,976
LESS Surplus June 30 C/Fwd	34	3,023,005	0	6,347,476
Amount Required to be Raised from General Rates	23	<u>(1,741,854)</u>	<u>(1,759,660)</u>	<u>(1,704,504)</u>

Note -Purchase of land and buildings an infrastructure assets - roads will not agree to notes 7a and 8b additions due to last years work in progress which has been deducted.

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

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

(b) 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 which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

General

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

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value.

Cost includes the cost of acquisition, development borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed and 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.

(f) Fixed Assets

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

Mandatory Requirement to Revaluation of Non-Current Assets

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fixed Assets (Continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

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

Revaluation

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

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 – Fair Value Measurement

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

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

Land under Roads

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

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

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

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
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
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

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

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

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

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

Capitalisation Threshold

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

(g) Fair Value of Assets and Liabilities

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments (Continued)

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

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

Derecognition

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

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

(j) Impairment of Assets

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

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

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and Other Payables

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

(l) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

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

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

(m) Borrowing Costs

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

(n) Provisions

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

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

(o) Leases

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

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

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

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Rates, Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 14. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) Superannuation

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

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128.
[AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]			It is not expected to have a significant impact on Council.

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	<p>This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact the Council's financial statements.</p>
(v)	AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi)	AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii)	AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

Notes:

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

2. REVENUES AND EXPENSES		2013/14 Actual \$	2012/13 Actual \$
	Note		
(a) Net Result from Ordinary Activities			
The Net Result includes:			
(i) Charging as Expenses:			
Significant Expense			
Other Property and Services		0	5,436,507
The significant expense item relates to the refund of Kimberley Aboriginal Community Housing Project grant including interest earned on it in 2012/13.			
Auditors Remuneration			
- Audit of the financial report		41,079	18,500
- Acquittals Audits		10,340	14,600
- Other Services		1,628	2,850
Depreciation			
- Buildings		697,698	640,078
- Furniture and Equipment		16,624	61,565
- Plant		186,077	287,590
- Infrastructure - Roads		2,052,034	1,893,733
- Infrastructure - Other		203,597	322,706
		<u>3,156,030</u>	<u>3,205,672</u>
Interest Expenses			
- Debentures	22	<u>87,786</u>	<u>92,456</u>
(ii) Crediting as Revenues:			
		2013/14 Actual \$	2013/14 Budget \$
		2012/13 Actual \$	
Other Revenue			
- Reimbursements & Recoveries		845	0
- Other		19,644	0
		<u>20,489</u>	<u>362</u>
Interest Earnings			
- Investments			
- Reserve Funds		160,776	170,600
- Municipal Funds		151,692	100,000
- Other Interest Earnings	27	52,322	27,000
		<u>364,790</u>	<u>297,600</u>
			<u>612,524</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

2. REVENUES AND EXPENSES

(b) Statement of Objective

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

COMMUNITY VISION

The Vision for the Shire of Halls Creek is that the town and remote communities are economically diverse, caring and proactive with a strong sense of responsibility and pride.

PRINCIPAL PLACE OF BUSINESS

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

GOVERNANCE

Objective:

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

Activities:

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

GENERAL PURPOSE FUNDING

Objective:

Objective: to provide adequate funding for the Shire's operation by maximising income from Rates, general purpose government grants, interest and other sources of revenue.

Activities:

Raising of rates, collection of debts, general purpose funding and other funding activities.

LAW, ORDER, PUBLIC SAFETY

Objective:

Objective. To provide a safe environment and ensure compliance with Council by-laws.

Activities:

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

HEALTH

Objective:

To 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 programmes.

EDUCATION AND WELFARE

Objective:

To provide support and activities for the benefit of Halls Creek Youth.

Activities:

The Shire Youth Service Diversionary Program (YSDP) is a collaborative partnership with the Department of Prime Minister and Cabinet Indigenous Justice Program, Department of Child Protection and the Department of Corrective Services that focuses on "breaking the cycle" for at-risk Aboriginal young people - ensuring they have a safe environment in which to make positive life choices.

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

Objective:

Provide ancillary services required by the community.

Activities:

Refuse collection services and refuse site maintenance, administration of the Shire's Town Planning function, maintenance and management of the Shire's Cemetery, and certain community development projects.

RECREATION AND CULTURE

Objective:

To establish and manage efficiently, infrastructure and resources which will help the social development and well being of the community.

Activities:

Includes Maintenance and operation of Civic Halls, Sports Courts, Oval, Aquatic & Recreation Centre, Library, an internet access point, Rebroadcasting services and the culture background of Halls Creek such as the Trackers Hut.

SHIRE OF HALLS CREEK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

2. REVENUES AND EXPENSES (CONTINUED)

(b) Statement of Objective (Continued)

TRANSPORT

Objective:

To provide for 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 airports.

ECONOMIC SERVICES

Objective:

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

Activities:

The regulation and provision of tourism and area promotion, Economic Development and Building Control.

OTHER PROPERTY & SERVICES

Objective:

To undertake such other activities as required of the Shire by the local community.

Activities:

Administration:

All costs associated with the employment of the Shire's Administration Section staff are assigned to this programme, and are then re-allocated to the relevant programmes to represent the administrative cost of that programme/sub programme.

Private Works

Private works are undertaken on a small and large scale and through the year it cannot be forecasted 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 Programme, and then throughout the course of the year the costs are reallocated to the relevant programmes.

Plant Operation Costs

All costs associated with the operation of Council's plant fleet are assigned to this sub programme, 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.

Misc/Unclassified

This sub programme records both income and expense for goods/services that cannot be allocated to a particular job or programme. 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 Project

This sub Programme identifies both income and expenditure of other community projects undertaken by Shire like the Art Centre.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

		2013/14 Actual \$	2012/13 Actual \$
3. CASH AND CASH EQUIVALENT:	Note		
Cash on Hand		985	1,335
Cash at Bank		6,653,543	15,895,252
		<u>6,654,528</u>	<u>15,896,587</u>
Represented by:			
Unrestricted		1,050,302	10,477,252
Restricted		5,604,226	5,419,335
		<u>6,654,528</u>	<u>15,896,587</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Leave Reserve	12	296,866	286,428
Computer Upgrade	12	14,593	14,080
Office Redevelopment	12	582,654	562,167
Aboriginal EHO Vehicle	12	0	8,343
Airport Operating	12	394,199	380,339
Road Making Plant Reserve	12	1,582,621	1,526,975
Staff Housing Reserve	12	1,046,688	1,009,886
Swimming Pool Reserve	12	257,974	248,903
TV Rebroadcasting	12	43,728	35,727
EDL Community Grant	12	153,774	215,942
sub total		<u>4,373,097</u>	<u>4,288,790</u>
Unspent Grants	14	1,231,129	1,130,545
		<u>5,604,226</u>	<u>5,419,335</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates & Services Outstanding		595,572	362,556
Sundry Debtors		501,821	206,185
GST Receivable		164,833	639,854
Other Tax Receivable		0	4,729
Accrued Interest		17,704	12,568
Less Provision for Doubtful Debts		(67,313)	(40,212)
		<u>1,212,616</u>	<u>1,185,680</u>
5. INVENTORIES			
Current			
Stores and Materials - at cost		261,032	193,392
		<u>261,032</u>	<u>193,392</u>
6. WORK IN PROGRESS			
Non Current			
Buildings		186,986	167,203
Infrastructure -Roads		11,264	258,318
		<u>198,250</u>	<u>425,521</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

	2013/14 Actual \$	2012/13 Actual \$
7. PROPERTY, PLANT AND EQUIPMENT		
Freehold Land -Independent Valuation 2014	5,142,000	0
Cost	0	2,554,561
	<u>5,142,000</u>	<u>2,554,561</u>
Buildings - Independent Valuation 2014	27,700,254	0
Cost	0	22,839,239
Less Accumulated Depreciation	0	(5,345,825)
	<u>27,700,254</u>	<u>17,493,414</u>
Furniture and Equipment - Management Valuation 2013	95,819	95,819
- Additions after Valuation - Cost	45,282	0
Less Accumulated Depreciation	(16,624)	0
	<u>124,477</u>	<u>95,819</u>
Plant & Equipment - Management Valuation 2013	1,607,804	1,642,577
- Additions after Valuation - Cost	235,827	0
Less Accumulated Depreciation	(185,008)	0
	<u>1,658,623</u>	<u>1,642,577</u>
Property, Plant and Equipment	<u>34,625,355</u>	<u>21,786,371</u>

Land and Buildings:

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

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (Level 3 Inputs).

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

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

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

The revaluation of these assets resulted in an overall increase of \$12,395,406 in the net value of the Shire's land and buildings. All of this increase was credited to the revaluation surplus in the Shire's equity (refer to the note 13 for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

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

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

Consequently, the original value of deemed cost was obtained having regard for the current replacement cost of the improvements on the land to allow for its current restricted usage. These included both observable and unobservable inputs being construction costs based on recent contract prices, current conditions (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, this land vested in and under the control of Council is deemed to have been valued using Level 3 inputs.

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

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

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

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

Furniture and Equipment

Plant and Equipment

Both furniture and equipment and plant and equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A. Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management Regulation) 17A (2)) which requires these assets to be shown at fair value. They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1 (f).

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

		Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	(Level 2)	2,554,561	0	(376,702)	2,964,141	0	0	5,142,000
Total Land		2,554,561	0	(376,702)	2,964,141	0	0	5,142,000
Non-Specialised Buildings	(Level 2)	8,013,696	987,142	0	3,338,175	0	(352,332)	11,986,681
Non-Specialised Buildings	(Level 3)	3,307,964	14,317	0	2,870,472	0	(152,310)	6,040,443
Specialised Buildings	(Level 3)	6,171,754	471,815	0	3,222,618	0	(193,057)	9,673,131
Total Buildings		17,493,414	1,473,274	0	9,431,265	0	(697,699)	27,700,254
Total Land and Buildings		20,047,975	1,473,274	(376,702)	12,395,406	0	(697,699)	32,842,254
Furniture and Equipment	(Level 3)	95,819	45,282	0	0	0	(16,624)	124,477
Total Furniture and Equipment		95,819	45,282	0	0	0	(16,624)	124,477
Plant and Equipment	(Level 2)	1,356,915	235,827	(33,704)	0	0	(161,550)	1,397,488
Plant and Equipment	(Level 3)	285,663	0	0	0	0	(24,526)	261,136
Total Plant and Equipment		1,642,577	235,827	(33,704)	0	0	(186,077)	1,658,624
Total Property, Plant and Equipment		21,786,371	1,754,383	(410,406)	12,395,406	0	(900,399)	34,625,355

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

	2013/14 Actual \$	2012/13 Actual \$
8. INFRASTRUCTURE		
Infrastructure - Other	5,134,223	5,099,950
Less Accumulated Depreciation	<u>(3,105,335)</u>	<u>(2,901,738)</u>
	2,028,888	2,198,212
Infrastructure - Roads	83,824,640	81,691,380
Less Accumulated Depreciation	<u>(75,919,880)</u>	<u>(73,867,845)</u>
	7,904,760	7,823,535
Total Infrastructure	<u>9,933,648</u>	<u>10,021,747</u>

Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	7,823,535	2,133,260	0	0	0	(2,052,035)	7,904,760
Other Infrastructure	2,198,212	34,273	0	0	0	(203,597)	2,028,888
Total	<u>10,021,747</u>	<u>2,167,533</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,255,632)</u>	<u>9,933,648</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2013/14 Actual \$	2012/13 Actual \$		
9. TRADE AND OTHER PAYABLES					
Current					
Sundry creditors		558,997	6,514,341		
Excess Rates		0	17,882		
Year End Accruals		69,110	45,663		
PAYG & FBT Liability		103,967	61,507		
		<u>732,074</u>	<u>6,639,393</u>		
10. PROVISIONS					
Current					
Provision for Time in Lieu		125,473	140,052		
Provision for Annual Leave & RDO's		306,611	310,318		
Provision for Long Service Leave		52,600	85,934		
		<u>484,683</u>	<u>536,304</u>		
Non Current					
Provision for Long Service Leave		75,155	46,834		
		<u>75,155</u>	<u>46,834</u>		
		Provision for Annual Leave \$	Provision for Long Service Leave \$	Time in Lieu \$	Total \$
Opening balance at 1 July 2013		310,318	132,768	140,052	583,138
Additional provision		94,828	(5,014)	160,984	250,798
Amounts used		<u>(98,535)</u>	<u>0</u>	<u>(175,563)</u>	<u>(274,098)</u>
Balance at 30 June 2014		<u>306,611</u>	<u>127,754</u>	<u>125,473</u>	<u>559,838</u>
11. LONG TERM BORROWINGS					
Current					
Debentures		80,780	98,647		
		<u>80,780</u>	<u>98,647</u>		
Non-Current					
Debentures		1,175,384	1,269,451		
		<u>1,175,384</u>	<u>1,269,451</u>		
	22	<u>1,256,164</u>	<u>1,368,098</u>		

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

	2013/14 Actual \$	2013/14 Budget \$	2012/13 Actual \$
12. RESERVES			
RESERVES - CASH BACKED			
(a) Employee Entitlements			
Opening Balance	286,428	286,428	273,033
Interest Earned	10,438	11,020	13,395
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>296,866</u>	<u>297,448</u>	<u>286,428</u>
(b) Computer Upgrade			
Opening Balance	14,080	14,080	13,421
Interest Earned	513	542	659
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>14,593</u>	<u>14,622</u>	<u>14,080</u>
(c) Office Redevelopment			
Opening Balance	562,167	562,167	535,876
Interest Earned	20,487	36,582	26,291
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>582,654</u>	<u>598,749</u>	<u>562,167</u>
(d) Aboriginal EHO Vehicle			
Opening Balance	8,344	8,344	7,953
Interest Earned	114	0	390
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(8,458)	(8,344)	0
	<u>(0)</u>	<u>0</u>	<u>8,343</u>
(e) Airport Operating Works			
Opening Balance	380,339	380,339	362,552
Interest Earned	13,860	5,600	17,787
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	(150,000)	0
	<u>394,199</u>	<u>235,939</u>	<u>380,339</u>
(f) Plant Replacement			
Opening Balance	1,526,975	1,526,975	1,741,976
Interest Earned	55,646	58,746	80,999
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	(296,000)
	<u>1,582,621</u>	<u>1,585,721</u>	<u>1,526,975</u>
(g) Staff Housing			
Opening Balance	1,009,886	1,009,886	962,657
Interest Earned	36,802	38,853	47,229
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>1,046,688</u>	<u>1,048,739</u>	<u>1,009,886</u>
(h) Aquatic Centre			
Opening Balance	248,903	248,903	237,263
Interest Earned	9,071	9,575	11,640
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>257,974</u>	<u>258,478</u>	<u>248,903</u>
(i) TV Rebroadcasting			
Opening Balance	35,727	35,727	23,177
Interest Earned	1,300	1,370	1,265
Amount Set Aside / Transfer to Reserve	6,701	0	11,285
Amount Used / Transfer from Reserve	0	0	0
	<u>43,728</u>	<u>37,097</u>	<u>35,727</u>
j) Energy Developments Community			
Opening Balance	215,942	215,942	205,965
Interest Earned	7,166	8,312	9,977
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	(69,334)	0	0
	<u>153,774</u>	<u>224,254</u>	<u>215,942</u>
Total Reserves	<u>4,373,097</u>	<u>4,301,047</u>	<u>4,288,790</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

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 3.

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

- was 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.

The Employee Entitlements, Computer Upgrade, Office Redevelopment, Staff Housing, Aquatic Centre, Aboriginal EHO Vehicle and TV Rebroadcasting are not expected to be used within a set period as future transfers to the reserve accounts are expected as funds are utilised.

The Airport Operating Works, Energy Developments Ltd West Kimberley Community Donation Account and the Plant Replacement Reserves are expected to be utilised in 2014/15.

13. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

	2013/14 Actual \$	2012/13 Actual \$
(a) Land & Buildings		
Opening Balance	0	0
Revaluation Increment	12,395,406	0
Revaluation Decrement	0	0
	<u>12,395,406</u>	<u>0</u>
(b) Plant & Equipment		
Opening Balance	315,370	0
Revaluation Increment	0	315,370
Revaluation Decrement	0	0
	<u>315,370</u>	<u>315,370</u>
Total Asset Revaluation Surplus	<u><u>12,710,776</u></u>	<u><u>315,370</u></u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

14. ECONOMIC DEPENDANCY AND GRANTS

OPERATING GRANTS		2012/13	2013/14	2013/14	2013/14
Source of Grant	Purpose of Grant or Contribution	AMOUNTS UNSPENT \$	REVENUE RECOGNISED \$	AMOUNTS UTILISED \$	AMOUNTS UNSPENT \$
OPERATING GRANTS					
GENERAL PURPOSE FUNDING					
FAGS	Grant-FAGS Untied WALGGC	0	1,417,009	1,417,009	0
FAGS	FAGS - Roads Formula	0	330,894	330,894	0
		0	1,747,903	1,747,903	0
GOVERNANCE					
DIA	Establishment Aboriginal Advisory Committee	187,228	0	8,647	178,581
		187,228	0	8,647	178,581
LAW, ORDER, & PUBLIC SAFETY					
Dept Health	Ingenious Animal Project	0	100,000	29,382	70,618
		0	100,000	29,382	70,618
HEALTH SERVICES					
Health Dept	AEHO contribution	47,576	175,904	223,480	0
Health Dept	Trachoma Program	11,026	200,000	193,896	17,130
		58,602	375,904	417,376	17,130
WELFARE SERVICES					
DEEWR	Vacation Care Salaries	26,115	(26,115)	0	0
Corrective Services	Youth Services	0	97,275	113,090	(15,814)
DCP	Young Peoples Services	0	82,212	82,212	0
DPMC	Youth Services - Tjurabalan region	418,464	204,841	836,045	(212,740)
DPMC	Youth Leadership Activities	28,253	0	28,253	0
DPMC	Youth Hub	48,804	0	0	48,804
		521,636	358,213	1,059,600	(179,750)
RECREATION & CULTURE					
Health Dept	Active Health - Aquatic Centre	0	11,945	11,945	0
		0	11,945	11,945	0
TRANSPORT					
MRWA	Direct Grant	0	131,983	131,983	0
MRWA	Street Lighting	0	3,313	3,313	0
MRWA	Flood Damage claim	0	0	0	0
		0	135,296	135,296	0
ECONOMIC SERVICES					
DOH	Economic Development Officer	4,358	0	4,358	0
DOA	Cattlemen's Association	0	14,774	0	14,774
		4,358	14,774	4,358	14,774
OTHER PROPERTY & SERVICES					
RAAP	Ringer Soak Airstrip Project	0	140,000	0	140,000
RAAP	Warmun Airstrip Project	0	50,000	0	50,000
KDC	Marketing Project	0	10,000	7,204	2,796
OFTA	Yarliylil Art Centre Operations	0	105,000	105,000	0
OFTA	Yarliylil National Jobs Program	0	31,639	31,639	0
		0	336,639	143,843	192,796
TOTAL OPERATING GRANTS		771,824	3,080,674	3,558,349	294,149
NON OPERATING GRANTS					
STAFF HOUSING					
RDL	Royalties for Regions Staff Housing	132,875	845,655	655,445	323,085
		132,875	845,655	655,445	323,085
TRANSPORT					
Remote Access FAG	Remote Access Roads	225,846	226,000	451,846	0
Main Roads WA	Remote Access Roads	0	138,000	138,000	0
Roads To Recovery	General	0	517,452	517,452	0
Main Roads WA	Regional Road Group	0	660,000	660,000	0
RAAP	Airstrip Lighting Project	0	38,000	0	38,000
		225,846	1,579,452	1,767,298	38,000
OTHER PROPERTY & SERVICES					
KDC	Yarliylil Art Centre Construction	0	423,178	25,283	397,895
Lotteries West	Yarliylil Art Centre Construction	0	140,000	140,000	0
SOHC	Yarliylil Art Centre Construction	0	178,000	-	178,000
		0	741,178	165,283	575,895
TOTAL NON OPERATING GRANTS		358,721	3,166,285	2,588,026	936,980
TOTAL UNSPENT GRANTS, SUBSIDIES & CONTRIBUTIONS		1,130,545	6,246,959	6,146,375	1,231,129

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

15. 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	2013/14 Actual \$	2013/14 Budget \$	2012/13 Actual \$
Cash - Unrestricted	3	1,050,302	4,786,335	10,477,252
Cash - Restricted	3	5,604,226	4,301,047	5,419,335
		<u>6,654,528</u>	<u>9,087,382</u>	<u>15,896,587</u>

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

Net Result		(2,976,720)	(1,562,890)	(4,961,693)
Depreciation		3,156,030	3,232,467	3,205,672
(Profit)/Loss on Sale of Asset		(15,320)	(30,400)	(6,638)
(Increase)/Decrease in Receivables		(54,037)	1,100,892	(535,395)
Increase/(Decrease) in Doubtful Debts		27,101	(40,212)	3,719
(Increase)/Decrease in Inventories		(67,640)	43,392	(91,142)
Increase/(Decrease) in Payables		(5,907,321)	(1,578,058)	6,152,151
Increase/(Decrease) in Employee Provisions		(23,300)	(83,138)	94,746
Grants/Contributions for the Development of Assets		(3,166,285)	(5,558,274)	(2,105,685)
Net Cash from Operating Activities		<u>(9,027,491)</u>	<u>(4,476,221)</u>	<u>1,755,735</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		80,780	98,647	98,647
Loan Facilities - Non-Current		1,175,384	1,269,451	1,269,451
Total Facilities in Use at Balance Date		<u>1,256,164</u>	<u>1,368,098</u>	<u>1,368,098</u>
Unused Loan Facilities		<u>NIL</u>	<u>NIL</u>	<u>NIL</u>

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

16. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

There are no finance lease commitments to report for the year ended 30 June 2014.

(b) Operating Lease Commitments

There are no operating commitments to report for the year ended 30 June 2014.

(c) Capital Expenditure Commitments

	2013/14 \$
Contracted for:	
- capital expenditure projects	1,211,014
- plant & equipment purchases	
Payable:	
- not later than one year	1,211,014

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new Yarliyl Art and Cultural Centre. Completion is expected to be December 2014.

17. CONTINGENT LIABILITIES

There are no contingent liabilities to report for the year ended 30 June 2014.

18. JOINT VENTURE ARRANGEMENTS

There are no joint venture arrangements to report for the year ended 30 June 2014.

19. TRUST FUNDS

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

	Balance 01-July-2013	Amounts Received	Amounts Paid	Balance 30-June-2014
	\$	\$	\$	\$
Staff Christmas Club	0	0	0	0
Staff Housing Bonds	3,426	6,944	(6,859)	3,511
Facility Bond Hire	9,750	27,825	(20,225)	17,350
BCITF	13,422	27,816	(489)	40,748
Unclaimed wages	39,030	0	0	39,030
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Election Nominations	0	560	(560)	0
Tourism Operators	80,740	639,944	(679,820)	40,864
Library Membership deposits	2,740	570	(60)	3,250
DPI Vehicle Licensing	(8,123)	274,301	(263,551)	2,627
Telecentre Income	49,602	0	0	49,602
Yarliyl Art Gallery	5,532	62,446	(67,321)	657
Refuse kerb Deposits	5,500	2,000	0	7,500
General Donation	835	0	(600)	235
Retention Funds	112,560	110,755	(112,560)	110,755
COAG & Other Government Fund:	172,757	4,850	(4,669)	172,938
	495,436	1,158,011	(1,156,714)	496,733

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2013/14 Actual \$	2012/13 Actual \$
Governance	1,092	1,365
General Purpose Funding	660,722	356,950
Law, Order, Public Safety	55,992	20,923
Health	18,361	8,755
Education and Welfare	1,800	39,079
Housing	11,302,477	7,186,147
Community Amenities	650,421	291,493
Recreation and Culture	15,682,694	10,091,719
Transport	12,471,287	10,667,609
Economic Services	1,094,523	485,662
Other Property and Services	4,187,568	3,818,427
Unallocated (Cash)	6,758,495	16,541,169
	<u>52,885,429</u>	<u>49,509,298</u>

21. FINANCIAL RATIOS	2013/14	2012/13	2011/12
Current Ratio	2.52	1.70	7.92
Asset Sustainability Ratio	0.75	1.02	1.02
Operating Surplus Ratio	(1.75)	(1.96)	0.31
Debt Service Cover Ratio	(14.52)	(21.68)	24.83
Own Source Revenue Ratio	0.27	0.19	0.31

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 47 of this document.

Three of the 2012/13 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 2012/13 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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

22. LONG TERM BORROWINGS (Detail)

(i) Debenture Repayments

Particulars	Principal 1-Jul-13	New Loans	Principal Repayments		Principal 30-Jun-14		Interest Repayments		
			Actual	Budget	Actual	Budget	Rate	Actual	Budget
Housing							%		
Loan 23 - Triplex	420,579	0	38,588	25,300	381,991	395,279	6.58	26,834	26,834
Loan 24 - Office Redevelopment	54,202	0	25,942	25,942	28,261	28,260	5.79	2,487	2,487
Loan 25 - Housing Units	893,317	0	47,405	47,405	845,912	845,912	6.65	58,465	58,465
	1,368,098	0	111,935	98,647	1,256,164	1,269,451		87,786	87,786

(ii) New Debentures - 2013/14

There were no new debentures or loans taken in financial year 2013/14.

(iii) Overdraft

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

23. RATING INFORMATION - 2013/14 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	6.7300	309	10,518,280	707,880	(5,197)	702,683	707,880	0	0	707,880
GRV - Town Vacant	11.3500	21	54,890	6,230	5,147	11,377	6,230	0	0	6,230
UV - Rural/Pastoral	2.4200	31	12,419,780	300,559	1,359	301,917	300,559	0	0	300,559
UV - Mining	32.1800	42	1,205,351	387,882	(5,039)	382,843	385,185	0	0	385,185
UV - Prospecting/Exploration	16.0600	234	1,489,609	239,231	(17,954)	221,277	254,361	0	0	254,361
Sub-Totals		637	25,687,910	1,641,782	(21,685)	1,620,097	1,654,215	0	0	1,654,215
Minimum Rate	Minimum \$									
GRV - Town	698	9	31,020	6,938	0	6,938	6,282	0	0	6,282
GRV - Town Vacant	1313	19	74,195	24,947	0	24,947	24,947	0	0	24,947
UV - Rural/Pastoral	656	4	25,000	1,968	0	1,968	2,624	0	0	2,624
UV - Mining	656	7	5,236	4,592	0	4,592	4,592	0	0	4,592
UV - Prospecting/Exploration	656	127	223,912	83,312	0	83,312	82,000	0	0	82,000
Sub-Totals		166	359,363	121,757	0	121,757	120,445	0	0	120,445
Total Amount Raised From General Rate						1,741,854				1,774,660
Rates Received in Advance						32,340				0
Total						1,774,194				1,774,660

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

24. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

The Shire does not impose any specified area rate during 2013/14.

25. SERVICE CHARGES - 2013/14 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.

2013/14 Actual	2013/14 Budget	2012/13 Actual
\$	\$	\$
18,750	19,425	19,425

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

	Type	Disc %	Total Cost/ Value	Budget Cost/ Value
Sundry Debtors	Write Off	NA	0	15,000
Rates Debtors	Write-Off	NA	0	5,000
Community Facility Hire Grants	Subsidy	NA	3,636	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".

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

	Interest Rate (%)	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11	0	48,867	21,000
Interest on Instalment Plan	6	0	3,455	5,000
Interest on Sundry Debtors	11	0	0	1,000
<i>Total Interest</i>			52,322	27,000
Charges on Instalment Plan		9	3,255	4,500
<i>Total Charges</i>		9	3,255	4,500

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

28. GRANT REVENUE

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

	2013/14 Actual \$	2012/13 Actual \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	3,547,847	7,917,954
Non-Operating Grants, Subsidies and Contributions	3,166,285	2,082,700
	<u>6,714,132</u>	<u>10,000,654</u>
By Program:		
Governance	0	200,000
General Purpose Funding	1,751,903	4,124,542
Law, Order, Public Safety	114,785	9,106
Health	375,904	169,956
Education and Welfare	389,287	1,036,425
Housing	845,655	20,000
Community Amenities	0	0
Recreation and Culture	63,369	26,908
Transport	1,739,754	4,123,550
Economic Services	70,542	2,073
Other Property and Services	1,362,933	288,094
	<u>6,714,132</u>	<u>10,000,654</u>

29. FEES & CHARGES

	2013/14 Actual \$	2012/13 Actual \$
General Purpose Funding	4,791	16,479
Governance	0	502
Law, Order, Public Safety	3,525	3,224
Health	10,033	32,287
Education & Welfare	0	3,160
Housing	139,091	119,596
Community Amenities	389,343	381,698
Recreation & Culture	135,046	188,419
Transport	2,207	5,209
Economic Services	331,688	383,190
Other Property & Services	71,509	61,796
	<u>1,087,233</u>	<u>1,195,560</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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

30. ELECTED MEMBERS REMUNERATION	2013/14 Actual \$	2013/14 Budget \$	2012/13 Actual \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	52,867	52,500	25,942
Travelling Expenses	336	15,000	2,822
Telecommunications/ICT	21,807	3,000	15,342
President's Allowance	7,269	7,000	5,538
Deputy President's Allowance	1,817	1,750	1,380
	<u>84,096</u>	<u>79,250</u>	<u>51,024</u>

31. EMPLOYEE NUMBERS	2013/14	2012/13
The number of full-time equivalent Employees at balance date	<u>47</u>	<u>40</u>

32. MAJOR LAND TRANSACTIONS

No major land transactions were completed during the period.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No trading undertakings or major trading undertakings occurred during the period.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

34. NET CURRENT ASSETS

Information on Surplus Brought Forward

	Financial Year As At	2013/14 (30/06/2014) Carried Forward) \$	2013/14 (1/07/2013) Brought Forward) \$	2012/13 (30/06/2013) Carried Forward) \$
CURRENT ASSETS				
Cash - Unrestricted		1,050,302	10,477,252	10,477,252
Cash - Restricted		5,604,226	5,419,335	5,419,335
Trade and other Receivables		1,212,616	1,185,680	1,185,680
Inventories		261,032	193,392	193,392
<i>Total Current Assets</i>		8,128,176	17,275,659	17,275,659
LESS: CURRENT LIABILITIES				
Trade and other Payables		(662,964)	(6,514,341)	(6,514,341)
Rates in Advance		0	(17,882)	(17,882)
Long Term Borrowings		(80,780)	(98,647)	(98,647)
Accrued Expenditure		(69,110)	(107,170)	(107,170)
Employee Provisions		(484,683)	(536,304)	(536,304)
<i>Total Current Liabilities</i>		(1,297,537)	(7,274,344)	(7,274,344)
NET CURRENT ASSET POSITION		6,830,639	10,001,315	10,001,315
Adjustments for:				
Items not included in calculation of Surplus				
Less: Reserve Accounts		(4,373,097)	(4,288,790)	(4,288,790)
Add: Employee Provisions		484,683	536,304	536,304
Add: Long Term Borrowings		80,780	98,647	98,647
Surplus Carried Forward		3,023,005	6,347,476	6,347,476

There was no difference between the surplus on 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus Carried Forward position as disclosed in the 2013 audited financial report.

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

35. DISPOSALS OF ASSETS - 2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

		Net Book Value		Sale Price		Profit (Loss)	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land							
Housing							
Wilkinson Street		376,702	376,000	380,000	376,000	3,299	0
	sub total	376,702	376,000	380,000	376,000	3,299	0
Plant and Equipment							
Health							
Toyota Prado GX Wagon		21,328	65,000	33,907	65,000	12,579	0
Toyota Hilux Dual Cab		12,376	0	11,818	0	(558)	0
	sub total	33,704	65,000	45,725	65,000	12,021	0
Total Assets Disposed		410,406	441,000	425,725	441,000	15,320	0

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

36. 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	
	2013/14	2012/13	2013/14	2012/13
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	6,654,528	15,896,587	6,654,528	15,896,587
Receivables	1,212,616	1,185,680	1,212,616	1,185,680
	<u>7,867,144</u>	<u>17,082,267</u>	<u>7,867,144</u>	<u>17,082,267</u>
Financial Liabilities				
Payables	732,074	6,639,393	732,074	6,639,393
Borrowings	1,256,164	1,368,098	1,249,883	1,361,258
	<u>1,988,237</u>	<u>8,007,491</u>	<u>1,981,956</u>	<u>8,000,651</u>

Fair value is determined as follows:

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

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

	30-Jun-14 \$	30-Jun-13 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	66,545	158,966
- Statement of Comprehensive Income	66,545	158,966

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.

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

	30-Jun-14	30-Jun-13
Percentage of Rates and Annual Charges		
- Current	55.85%	48.80%
- Overdue	44.15%	51.20%
Percentage of Other Receivables		
- Current	81.28%	88.22%
- Overdue	18.72%	11.78%

SHIRE OF HALLS CREEK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2014					
Payables	732,074	0	0	732,074	732,074
Borrowings	163,589	727,822	1,027,157	1,918,567	1,256,164
	<u>895,662</u>	<u>727,822</u>	<u>1,027,157</u>	<u>2,650,640</u>	<u>1,988,238</u>
2013					
Payables	6,639,393	0	0	6,639,393	6,639,393
Borrowings	217,282	702,557	1,242,499	2,162,338	1,368,098
	<u>6,856,675</u>	<u>702,557</u>	<u>1,242,499</u>	<u>8,801,731</u>	<u>8,007,491</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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2014								
Borrowings								
Fixed Rate								
Debentures	0	28,260	0	0	0	1,236,904	1,265,164	6.64%
Weighted Average Effective Interest Rate	0%	5.79%	0.00%	0%	0.00%	6.68%		
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%	0.0%	5.79%	0.0%	0.0%	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 2014, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 2014 and of its performance and its cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards (including Australian Accounting interpretations).

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Monthly Statement of Financial Activity

The monthly statement of financial activity from July 2013 to January 2014 (inclusive) did not contain explanations for material variances between the actual and budgeted amounts as required by Local Government (Financial Management) Regulation 34(2)(d).

Annual Financial Report

The annual financial report for the year ended 30 June 2013 was not submitted to the Department of Local Government and Communities within 30 days of the audit report being received as required by Local Government Financial Management Regulation 51(2).

Rates Notice

The rate notice or accompanying information did not include a brief statement that rebates under the Rates and Charges (Rebates and Deferments) Act 1992 are funded by the Government of Western Australia as required by Local Government (Financial Management) Regulation 56(4)(ha).


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 other 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 47 of this report, we have reviewed the calculation of the Asset Consumption Ratio as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.

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

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

Date: 9 December 2014
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER

SHIRE OF HALLS CREEK

RATIO INFORMATION

The following information relates to those ratios which only require an attestation they have been checked and are supported by verifiable information.

	2014/2015	2012/2013	2011/2012
Asset Consumption Ratio	0.332	0.279	N/A
Asset Renewal Funding Ratio	*	*	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Cost of Depreciated Assets}}$
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Asset Renewal Funding Ratio	$\frac{\text{NPV of Planned Capital Renewal over 10 years}}{\text{NPV of required Capital Expenditure over 10 years}}$
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Note- In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the 2012 have not been reported as financial information is not available.

* Council are unable to provide an Asset Renewal Funding Ratio at this time as the information required is not available.

