

## Annual Report 2011-2012



**“Norseman” The Horse that found Gold and created a Town**

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## Report by the Shire President



It is with pleasure that I present the 2011/2012 Annual Report, on behalf of the Council to the electors of the Shire of Dundas.

Again the year under review has seen the Shire continuing with activities occurring from Eucla in the east to our western boundary along the Hyden Road. The vast distance and large area of the Shire continues to challenge the available resources to achieve the required results.

In February the Shire undertook a Community consultation process to obtain the Communities expectations of where the Shire should be in the next ten years. During the consultation process the Community were asked to complete a survey to outline the priority of services and expected service level they wanted for those particular services. There was also an opportunity for the Community to attend a consultation workshop, have a one on one discussion with the facilitators or engage with the facilitators via particular community groups. During the following year Shire staff will prepare and adopt a Community Strategic Plan from the information gathered through this consultation process.

The Shire staff have continued to work on a number of significant projects. During the year under review the most significant projects are the solar panels on the administration building which was possible due to the funding received from the Country Local Government Fund. The other significant projects were the waste recycling facility, which was jointly funded by the Shire and the Country Local Government Fund, and the continuation of the footpath replacement program.

The Shire received a number of grants throughout the year which enable the Shire to undertake large scale projects within the Shire. This funding includes, but not limited to, Country Local Government Fund (CLGF), Regional and Local Government Infrastructure Program (RLCIP), Blackspot Funding, Roads to Recovery (R2R) and Regional Road Group (RRG).

Without these grants The Shire would not be able to undertake these large scale projects.

The staff at the Shire of Dundas continue to work efficiently and professionally and this is reflected through excellent audit reports. They need to be congratulated for their high standard of work. I would like to acknowledge the effort and excellent result from our staff and Councillors, a team effort in every sense.

I would like to take this opportunity to thank fellow Councillors for their continued dedication and commitment to their duties on the Council. This includes volunteering at public functions, giving up their personal time to attend training and meetings.

Cr Jacquie Best  
**Shire President**

## Councillors

**PRESIDENT****Cr J (Jacqui) Best**

60 Angove Street  
NORSEMAN WA 6443  
Phone: (08) 9039 0395  
Fax: (08) 9039 0201



**Retiring (2013)**

**DEPUTY PRESIDENT****Cr ST (Simone) Conklin**

219 Stewart Cres  
EUCLA WA 6443  
Phone: (08) 9039 3303  
Fax: (08) 9039 3303



**Retiring (2015)**

**Cr YH (Bonnie) Vicensoni**

20 Fuller Street  
NORSEMAN WA 6443  
Phone: (08) 9039 1649  
Fax: (08) 9039 1649



**Retiring (2015)**

**Cr JEP (Pat) Hogan**

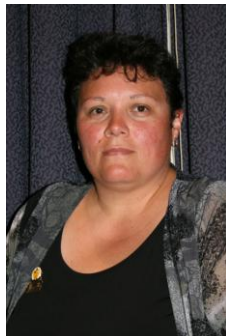
29-31 Mildura Street  
NORSEMAN WA 6443  
Phone: (08) 9039 1117  
Fax: (08) 9039 1398



**Retiring (2013)**

**Cr K (Kiri) Campbell**

71 Prinsep St  
NORSEMAN WA 6443  
Phone: (08) 9039 1039  
Fax:



**Retiring (2013)**

**Cr CR (Chris) South**

Southern Hills Station  
Via NORSEMAN WA  
6443  
Phone: (08) 9039 3448  
Fax:



**Retiring (2015)**

Year in brackets denotes expiry of Councillors elected term

## Report by the Chief Executive Officer



It is with pleasure that I report on the outcomes of the 2010/11 financial year to the Council and the residents of the Shire of Dundas.

The Financial Report and the supporting Auditors Report included in this Annual Report highlights that the management of the Shire's finances has again been of a very high standard and in accordance with the variety of legislative requirements.

The Shire said goodbye to David Pope the Manager of Development Services and Steven Bowyer was recruited to a new position as project officer in September 2011. All staff have continued to work at a high level for the Shire and this is reflected in the improvements to the Shire and Community infrastructure.

The relationship between Councillors and Staff continues to be of the highest professional standard, which provides for a very effective and stable working environment. I thank all Councillors and staff for this.

Expectations from Councillors and Staff continue to increase in relation to compliance and regulatory processes; therefore training continues to be a high priority. Sufficient funds are included in the budget annually to ensure that Councillors and staff are carrying out duties and are fully informed when making decisions. The high standard of the audit report and recent projects completed reflects the value of this training.

The Council undertook an extensive Community consultation program to develop the Strategic Community Plan which will guide the development of the Shire for years to come.

State and Federal funding has enabled the Shire to undertake more footpath paving works around the Civic Precinct on Prinsep and Talbots Streets. In addition a number of additional concrete footpaths projects have been completed to improve pedestrian access around the town. The Shire will continue to undertake improvements to the town to encourage business development and tourism.

By receiving Country Local Government Fund funding the Shire was able to commence the upgrade to the School of Mines Museum, improve the filtration system at the swimming pool and construct a recycling shed at the refuse site.

In summary, the past year has again been a successful one and the future presents some exciting opportunities and projects. Thank you to the Councillors and staff who have collectively contributed to the success that the Shire has enjoyed and I look forward to working with you into the future.

**Richard J Brookes**  
**Chief Executive Officer**

## **Shire Administration Officer & Community Centre**

The Office of the Shire of Dundas is situated at:

Street Address  
88-92 Prinsep Street  
NORSEMAN W A 6443

Postal Address  
PO Box 163  
NORSEMAN WA 6443

Telephone Numbers  
(08) 9039 1205  
(08) 9039 1291

Facsimile Number  
(08) 9039 1359

Email Address  
[shire@dundas.wa.gov.au](mailto:shire@dundas.wa.gov.au)

Website Address  
[www.dundas.wa.gov.au](http://www.dundas.wa.gov.au)

*All correspondence to be addressed to:*

The Chief Executive Officer  
PO Box 163  
NORSEMAN WA 6443

### **Depot**

The Shire of Dundas Works Depot is situated in Mildura Street

Telephone Number  
(08) 9039 1278

**Shire of Dundas Staff**  
(as at the 30<sup>th</sup> June 2012)

**Chief Executive Officer**  
*Richard Brookes*

**Deputy Chief Executive Officer**  
*Mia Dohnt*

**Manager, Works**  
*Barry Gibbs*

**Project Officer**  
*Steve Bowyer*

**Environmental Health Services**  
*Richard Brookes*

**Town Planning Services**  
*Richard Brookes*

**Road Works Supervisor**  
*Harold Reeves*

**Senior Administration Officer**  
*Sonya Ellison*

**Community Development / Youth Services Coordinator**  
*Cissy Ellison*

**Swimming Pool Manager**  
*Contract*



## Profile of the Shire

The Shire of Dundas covers 92,725km<sup>2</sup> in the South East of WA. It borders the Southern Ocean, the Shires of Esperance, Ravensthorpe, Kondinin, Coolgardie, City of Kalgoorlie/Boulder and the WA/SA border. The principal town is Norseman, 723 km from Perth, with Eucla, 12km from the State border, the other town in the Shire and at 717 km from Norseman, is almost as far away as the capital. Two time zones operate, there being ¾ hour difference by changing the clock at Caiguna, about halfway along the Eyre Highway. The major industries are mining, pastoralism, tourism and fishing. The Shire has a semi-arid climate with annual rainfall of 300 mm. Temperatures range from the low to mid 40°s in summer to -5° in winter. Population is always fluctuating due to employment in the mining industry, but according to 2006 census data is approximately 1068.

The history of Norseman and Dundas begins in the 1840's with the exploration of the South Coast by Edward John Eyre, the naming of the Dundas Hills in 1848 by JS Roe, and the crossing in 1871 of John Forrest from Western Australia into South Australia, which between 1871 and 1880, produced the establishment of sheep stations at Mundrabilla, Fraser Range and Balladonia.

Between 1876 and 1878 the construction of the Overland Telegraph (coastal), from Albany to Adelaide took place, and after its completion the Southern Area was linked with the rest of Australia.

In 1890 Mr Moir of Fanny's Creek found traces of alluvial gold whilst searching for new pastures in the Dundas Hills area; however no further exploration took place until Moir returned in 1892, with a prospecting team. Unfortunately no gold was found. During this time, other prospectors had begun to explore the area and in 1892 Messrs Mawson and Kirkpatrick discovered gold in the southern end of the Field and named it the "May Bell". Following this Messrs, Bromley, Mawson and Desjarlis, found a rich outcrop of ore, and named it "Great Dundas". In August 1893 the "Dundas Field" was finally proclaimed, and the townsite of Dundas was established, with the discovery of another two rich outcrops, which were registered under the one name of "Scotia".

In 1894 Laurie Sinclair, whilst prospecting about 14 miles north of Dundas, discovered a rich gold reef which he named "Norseman". This reef was registered by Sinclair and a man named Allsop on the 13<sup>th</sup> August 1894. Also registered in the same day was a reef called "Mt Barker" by Messrs, Ramsay, Talbot and Goodliffe.

During its first few years Norseman struggled to establish itself due to Dundas being the major township in the area, however due to the Norseman fields being richer than Dundas, it gradually outgrew the latter, and in 1895 was declared a town and in 1896 a Municipality.



## General Information Report

### Governance

#### *General Compliance*

With increasing compliance requirements from various government agencies and new legislation, it is essential that Councillors and staff maintain appropriate training to ensure that objectives are met as required. This is a continuous requirement, with a training expenses totalling \$17,467.

Even though some training is provided by government agencies without charge, travel is nearly always required to a larger regional (and sometimes metropolitan) centre.

Executive staff has undertaken a number of information sessions for the legislative changes for Integrated Strategic Planning framework. Staff are continuing to work hard to ensure all requirements are met and have a large focus on Asset Management.

During the year Administration staff embarked on a large project to change the Shire's record-keeping system from manual to electronic. This is a massive task and will continue into the 2012-2013 year.

Seventy eight solar panels were purchased and mounted onto the administration building roof with grant funding received from Country Local Government Funding to reduce the Shire's carbon footprint and reduce electricity charges for this building.

### Law, Order and Public Safety

#### *Bushfires*

There were several bushfires reported this season with costs totalling \$49,749. Majority of expenses are reimbursed by FESA.

#### *Animal Control*

The total cost of providing an animal control service for the Shire of Dundas for 2011-12 was \$44,768.

### Health

#### *Health Inspection and Administration*

Regular health inspections are undertaken in Norseman and along the Eyre Highway to Eucla ensuring the health standards are maintained in all relevant food preparation premises. The CEO performs these inspections whilst travelling to Eucla on other business.

#### *Medical Centre and Dental Surgery*

Council maintains the Medical Centre and Dental Surgery building in Prinsep Street.

Whilst the Shire does not have a permanent dentist, residents were fortunate enough to have a visiting dentist from Kalgoorlie-Boulder attend on a quarterly basis over the past twelve months.

### *Other Health*

During the year the Shire saw the grand opening of the Norseman Gold Pharmacy. The Shire of Dundas continues to work on bringing health services to Norseman on a regular basis.

## **Education and Welfare**

### *Youth*

The youth service is operated under a contract with the Department for Community Development. During the reporting period, the Community Development / Youth Officer has worked exceptionally hard to bring many projects to Norseman Youth including participation in sporting activities such as netball and football in Kambalda and Esperance.

A full time Youth Services/Community Development Officer manages the service from the administration office and the office at the Youth Drop-In Centre in Roberts Street. The program cost was \$128,893.

## **Housing**

### *Aged*

The Council manages four units for the aged, which were all occupied during the year. No significant projects were undertaken during the year.

### *Staff/Other*

Renewal and maintenance programs continue to be carried out on an annual basis, as per strategies with 'Dundas Directions'. These programs ensure that housing is well maintained and of a good standard.

## **Community Amenities**

### *Household Refuse-Litter*

Council carries out the rubbish removal service with its own day-labour workforce operating a single operator side-loading compaction unit.

Rubbish tip maintenance and litter control are also undertaken by Council employees.

RLCIP and Council funds saw the completion of construction of the Waste Recycling Shed. Residents are now able to recycle cardboard at the Waste Facility.

### *Cemetery*

Maintenance of the Norseman Cemetery was at a cost of \$4,931. The Norseman Cemetery is located at the end on Denison Drive.

## **Recreation and Culture**

### *Public Halls*

Council provides two main public halls in Norseman. These halls are the 'Norseman Town Hall and 'Dodd House'. A hall located at Eucla is also maintained by Council. These were maintained at a cost of \$19,250.

The Norseman Pensioners League is a regular user of Dodd House.

#### *Swimming Pool*

The Norseman Swimming Pool is operated in the summer months by a qualified Swimming Pool Manager. The Swimming Pool operation cost was \$156,955 that is offset by a \$3,000 Swimming Pool Grant from the State Government. The Swimming Pool Admission charges amounted to \$5,921.

Although a big cost to ratepayers the Swimming Pool is popular with residents in the summer months.

#### *Other Recreation and Sport*

Council maintains a combination of facilities including parks and gardens, grassed oval, community sports centre, tennis and basketball courts, squash courts and a number of small parks.

An emphasis is placed on presenting and maintaining these facilities and amenities in good condition.

#### *Library*

The Library enjoys high user numbers for a small town with 249 members and borrowing 2062 items during the year compared to 2826 in the last reporting period.

The service cost was \$19,664 to operate and is considered to be an essential amenity for the Community.

During the year the Shire purchased some new kids furniture and recreated the kids' corner. It has been well received and children from the community are utilising the furniture to sit and read or colour.

#### *Other Culture*

During the year various services were provided to the community being Art Acquisition/Exhibition, Springtime Cabaret, and the Community Calendar. These projects were completed at a total cost of \$10,153.

The Springtime Cabaret was a Halloween theme this year and was well attended by the Community.

## **Transport**

#### *Roads and Footpaths*

Council's major road project was the continuous improvement and upgrading of the Norseman-Hyden Road with expenditure of \$852,427 which included funds from Financial Assistance Grant, Blackspot Funding and Regional Road Group. Roads to Recovery funding enabled various streets in Norseman to be resealed at a cost of \$194,434.

Rural roads and properties located along the Eyre Highway and Eucla received \$78,988 of maintenance grading and other works. Norseman streets received regular maintenance, equating to \$99,865.

The Shire carried out a large footpath replacement program with a total cost of \$218,963. Funding was received from Country Local Government Fund to assist with the cost of the program.

Street Lighting for the year cost \$46,848.

### *Aerodrome*

Regular maintenance on the aerodrome was undertaken with expenditure of \$12,043. Council will continue to lobby for an all-weather air strip at Norseman.

## **Economic Services**

### *Tourism*

Council maintains a high focus in the support and promotion of tourism in the Shire spending \$64,475 this year.

Included in the above amount was a subsidy of \$47,048 was provided to the Norseman Visitor Centre to assist with operation of the visitor information centre and tourism promotions.

The Norseman Visitor Centre is a very active office held in high esteem by the tourism industry in the Goldfields Region of WA.

### *Building Control*

During the year the Shire lost the Manager of Development Services who retired. Building control services were further provided by contractors.

## **Other Property & Services**

There was no significant expenditure in this area.

## **Payment to Employees**

In accordance with Local Government (Administration) Regulation 19B it is advised that there is one employee with a salary in the range of \$140,000 to \$149,999.

## **Overview of the Plan for the Future**

The Shire embarked on completing a Community Strategic Plan in line with the Integrated Strategic Planning Framework. The Shire undertook a Community engagement process over three days, Tuesday 21<sup>st</sup> – Thursday 23<sup>rd</sup> February 2012 which involved:

- the opportunity for a “one in one” interview over 2 days – 9 individual interviews were conducted;
- the opportunity for group interview sessions. Three sessions were held – one with aged residents living within Norseman, one with indigenous Community members, and one with the youth living within Norseman;
- a group session with elected members;
- a group session with Shire employees who work outside of administration;
- a group session with Shire employees who work in administration; and
- a Community workshop held in the town hall.

The following issues were raised by the Community during the Community consultation and engagement process highlighted common themes which included:

- *A Healthy Community* – A Community with adequate health services accessible to all residents;
- *A Physically Active and Socially Connected Community* – A socially connected Community participating in a range of activities that will enhance the social fabric within the Shire;

- *Community Engagement* – A Community where everyone from the youth to the aged are engaged in constructive activities that encourage social and Community development;
- *Economic Development* – A Shire continually involved with the development and maintenance of working relationships with mining companies (industry), local business ventures, retail and tourism to develop business opportunities within the Shire;
- *Population and Future Growth* – Encourage people to stay in the Shire and build a stable population with the possibility of future growth to maintain a viable functioning Community;
- *Educational opportunities* – A Shire with access to highly developed educational courses, facilities and career selection for future candidates; and
- *Infrastructure improvement* – A Shire with a high level of Community infrastructure with improvements to aged accommodation, footpaths, street lighting, streetscape and the airport.

The aspirations and needs identified by the Community have been grouped into three key themes, each with supporting goals and measures of success. The three themes are:

**(1) A vibrant, active and healthy socially connected Community**

A strong, healthy, educated and well-connected Community that is actively engaged and involved.

**(2) A thriving local economy and economic base**

A strong and diversified economy with a number of commercial businesses and industries providing new and varied employment opportunities for all age groups.

**(3) Natural and built environment**

A protected and enhanced environment that is aesthetically pleasing and provides benefits to the Community for generations to come.

A draft Community Strategic Plan has been prepared and will be formally adopted by Council in July 2012

## National Competition Policy

In relation to the Clause 7 statement in the application of the above to Local Government, all governments have been divided into Category 1 or Category 2 Council. The Shire of Dundas is Category 2 and thus is not required to report in detail on competitive neutrality or structural reform of public monopolies (principles CN10 and SR4 in Clause 7). However a report is required for legislation review under the principle LR8.

## Competition Neutrality

The objective of competitive neutrality is the elimination of resource allocation distortions arising out of Local Government ownership of significant business activities.

The Shire of Dundas has assessed its operations and considers that it does not have a business activity that would be classed as significant under the current guidelines. Also the Shire of Dundas does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

The number of activities to which competitive neutrality has been applied in the reporting period is nil.

The number of activities to which competitive neutrality principle have been considered but not applied in the reporting period is nil.

Under the implementation timetable required by the National Competition Policy Statement the Shire of Dundas was not required to undertake a cost benefit analysis to determine which significant business activities would be subject to competitive neutrality principles.

During the reporting period the Shire of Dundas did not become aware of any allegations of non-compliance with the competitive neutrality principles made by a private entity against the Shire.

### **Legislation Review**

Due to the small size of this Shire in financial, population and staff terms, not a great deal of time, expertise or funding can be made available to undertake a complete review in a short period.

An ongoing systematic review is continuing as time and staff availability permits.

Specific items requiring attention are dealt with as required.

### **Equal Opportunity**

Council is an equal employment opportunity employer and enjoys a good working relationship with all staff and employees. The Shire has adopted an Equal Employment Opportunity policy to ensure that it meets the legislative requirements.

### **Disability Service Plan**

Pursuant to S.29 (2) of the Disability Services Act 1993 it is reported that the Disability Service Plan for the Shire of Dundas has prepared a Disability Service Plan. The Plan is due for review and this will be carried out in the near future.

Progress has been made with several aspects of the Plan as follows:

- Access to the new Shire Administration Centre and Library and the Norseman Community resource Centre.
- Disabled Parking Bays at various locations in Town and;
- Some Footbridges in Town have a new smooth concrete surface.

## **Record Keeping Plan**

The State Records Act requires that a government organisation include in its annual report comment on the following: -

1. Whether the efficiency and effectiveness of the organisations record keeping systems has been evaluated or alternatively when such an evaluation is proposed;
2. The nature and extent of record keeping training program conducted;
3. Whether the efficiency and effectiveness of the record keeping training program has been reviewed or alternatively how this is planned to be done; and
4. Assurance that the organisations induction program addresses employee roles and responsibilities in regard to their compliance with the organisations record keeping plan.

The following comments are made in relation to the above.

Our record keeping systems are under constant review to ensure their effectiveness with the most recent review seeing the Shires record management system become electronic and integrated with the financial accounting software.

All staff have been advised of the need for a competent record keeping system and this is also promulgated to new staff.

On going training will be provided to appropriate staff who manage the records keeping system.

Our induction program does address the roles and responsibilities of staff in relation to the record keeping plan.

The Shire has implemented an electronic records management system to improve its records management system

## **Official Conduct – Complaints Register**

Pursuant to S.5.121 of the Local Government Act 1995, a complaints register has been maintained. As at the 30<sup>th</sup> June 2012, no complaints were recorded, therefore no action was required to deal with complaints.



## **Audit Report**

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF DUNDAS**

***Report on the Financial Report***

We have audited the accompanying financial report of the Shire of Dundas, which comprises the statement of financial position as at 30 June 2012, 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 Dundas 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 2012 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF DUNDAS (Continued)**

***Report on Other Legal and Regulatory Requirements***

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

  
UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 28 September 2012  
Perth, WA

## Financial Report



# SHIRE OF DUNDAS

## Annual Financial Statements 2011-2012



*"Norseman" The Horse that found Gold and created a Town*

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the 28th day of September 2012.



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Mia Dohnt  
Acting Chief Executive Officer



|   | NOTE | 2012<br>\$              | 2012<br>Budget<br>\$    | 2011<br>\$              |
|---|------|-------------------------|-------------------------|-------------------------|
| <b>REVENUES</b>                                   |      |                         |                         |                         |
| Rates   | 22   | 1,830,289               | 1,794,352               | 1,783,814               |
| Operating Grants, Subsidies and Contributions     | 28   | 2,270,399               | 1,379,308               | 1,837,367               |
| Fees and Charges                                  | 27   | 254,791                 | 217,990                 | 256,021                 |
| Interest Earnings                                 | 2(a) | 280,065                 | 124,863                 | 234,644                 |
|   |      | <u>4,635,544</u>        | <u>3,516,513</u>        | <u>4,111,846</u>        |
| <b>EXPENSES</b>                                   |      |                         |                         |                         |
| Employee Costs                                    |      | (1,295,398)             | (1,192,307)             | (1,179,020)             |
| Materials and Contracts                           |      | (684,754)               | (1,205,401)             | (921,926)               |
| Utilities   |      | (140,339)               | (108,421)               | (119,583)               |
| Depreciation on Non-Current Assets                | 2(a) | (956,635)               | (903,393)               | (923,863)               |
| Interest Expenses                                 | 2(a) | (4,970)                 | (5,392)                 | (7,027)                 |
| Insurance   |      | (150,371)               | (164,056)               | (147,002)               |
| Other Expenditure                                 |      | (71,674)                | (12,728)                | (70,286)                |
|   |      | <u>(3,304,141)</u>      | <u>(3,591,698)</u>      | <u>(3,368,707)</u>      |
|   |      | 1,331,403               | (75,185)                | 743,139                 |
| Non-Operating Grants, Subsidies and Contributions | 28   | 1,222,338               | 1,208,407               | 1,010,968               |
| Profit on Asset Disposals                         | 20   | 32,977                  | 24,616                  | 91,383                  |
| Loss on Asset Disposals                           | 20   | (6,541)                 | (6,214)                 | (13,144)                |
|   |      | <u>1,248,774</u>        | <u>1,226,809</u>        | <u>1,089,207</u>        |
| <b>NET RESULT</b>                                 |      | <b>2,580,177</b>        | <b>1,151,624</b>        | <b>1,832,346</b>        |
| Other Comprehensive Income                        |      | 0                       | 0                       | 0                       |
| <b>Total Other Comprehensive Income</b>           |      | <u>0</u>                | <u>0</u>                | <u>0</u>                |
| <b>TOTAL COMPREHENSIVE INCOME</b>                 |      | <u><b>2,580,177</b></u> | <u><b>1,151,624</b></u> | <u><b>1,832,346</b></u> |

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

For the year ended 30th June 2012

2011-12

|  | NOTE  | 2012<br>\$              | 2012<br>Budget<br>\$    | 2011<br>\$              |
|--|-------|-------------------------|-------------------------|-------------------------|
| <b>REVENUES</b>  |       |                         |                         |                         |
|  | 2(a)  |                         |                         |                         |
| Governance   |       | 70,530                  | 30,500                  | 61,153                  |
| General Purpose Funding                                  |       | 3,391,208               | 2,675,562               | 3,454,352               |
| Law, Order, Public Safety                                |       | 79,313                  | 29,240                  | 27,948                  |
| Health   |       | 3,916                   | 4,000                   | 4,251                   |
| Education and Welfare                                    |       | 83,883                  | 73,889                  | 134,859                 |
| Housing  |       | 29,379                  | 16,240                  | 22,666                  |
| Community Amenities                                      |       | 124,898                 | 108,300                 | 113,088                 |
| Recreation and Culture                                   |       | 22,656                  | 15,500                  | 36,481                  |
| Transport  |       | 675,854                 | 418,058                 | 95,297                  |
| Economic Services  |       | 85,796                  | 105,024                 | 97,435                  |
| Other Property and Services                              |       | 68,111                  | 40,200                  | 64,316                  |
|  |       | <u>4,635,544</u>        | <u>3,516,513</u>        | <u>4,111,846</u>        |
| <b>EXPENSES</b>  |       |                         |                         |                         |
|  | 2 (a) |                         |                         |                         |
| <b>EXCLUDING BORROWING COSTS EXPENSE</b>                 |       |                         |                         |                         |
| Governance   |       | (498,074)               | (586,292)               | (485,102)               |
| General Purpose Funding                                  |       | (172,636)               | (256,432)               | (187,097)               |
| Law, Order, Public Safety                                |       | (158,417)               | (115,025)               | (96,551)                |
| Health   |       | (81,619)                | (108,529)               | (141,980)               |
| Education and Welfare                                    |       | (139,449)               | (164,752)               | (147,615)               |
| Housing  |       | (62,004)                | (86,008)                | (93,945)                |
| Community Amenities                                      |       | (374,800)               | (411,572)               | (272,398)               |
| Recreation & Culture                                     |       | (581,580)               | (726,842)               | (615,082)               |
| Transport  |       | (924,451)               | (871,603)               | (1,031,337)             |
| Economic Services  |       | (209,693)               | (236,692)               | (211,397)               |
| Other Property and Services                              |       | (96,448)                | (22,559)                | (79,176)                |
|  |       | <u>(3,299,171)</u>      | <u>(3,586,306)</u>      | <u>(3,361,680)</u>      |
| <b>FINANCE COSTS</b>                                     |       |                         |                         |                         |
|  | 2 (a) |                         |                         |                         |
| Governance   |       | (4,970)                 | (5,392)                 | (7,027)                 |
|  |       | <u>(4,970)</u>          | <u>(5,392)</u>          | <u>(7,027)</u>          |
| <b>Non-Operating Grants, Subsidies and Contributions</b> |       |                         |                         |                         |
| Governance   |       | 68,000                  | 0                       | 0                       |
| Law, Order & Safety                                      |       | 0                       | 0                       | 4,228                   |
| Housing  |       | 0                       | 450,000                 | 0                       |
| Community Amenities                                      |       | 0                       | 0                       | 30,000                  |
| Recreation & Culture                                     |       | 36,580                  | 140,242                 | 0                       |
| Transport  |       | 1,109,758               | 618,165                 | 976,740                 |
| Other Property & Services                                |       | 8,000                   | 0                       | 0                       |
|  |       | <u>1,222,338</u>        | <u>1,208,407</u>        | <u>1,010,968</u>        |
| <b>Profit/(Loss) on Disposal of Assets</b>               |       |                         |                         |                         |
| Governance   |       | 7,731                   | 428                     | 32,890                  |
| Health   |       | 150                     | 0                       | 8,620                   |
| Community Amenities                                      |       | 0                       | 9,877                   | 0                       |
| Recreation & Culture                                     |       | (6,541)                 | (6,214)                 | 1,856                   |
| Transport  |       | 24,136                  | 14,311                  | 34,873                  |
| Other Property & Services                                |       | 960                     | 0                       | 0                       |
|  |       | <u>26,436</u>           | <u>18,402</u>           | <u>78,239</u>           |
| <b>NET RESULT</b>  |       |                         |                         |                         |
|  |       | <b>2,580,177</b>        | <b>1,151,624</b>        | <b>1,832,346</b>        |
| Other Comprehensive Income                               |       | 0                       | 0                       | 0                       |
| <b>Total Other Comprehensive Income</b>                  |       | <u>0</u>                | <u>0</u>                | <u>0</u>                |
| <b>TOTAL COMPREHENSIVE INCOME</b>                        |       | <u><b>2,580,177</b></u> | <u><b>1,151,624</b></u> | <u><b>1,832,346</b></u> |

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

For the year ended 30th June 2012

2011-12

|   | NOTE | 2012<br>\$        | 2011<br>\$        |
|---|------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                   |      |                   |                   |
| Cash and Cash Equivalents               | 3    | 5,955,079         | 4,070,759         |
| Trade and Other Receivables             | 4    | 449,113           | 1,052,441         |
| Inventories                             | 5    | 10,875            | 11,508            |
| <b>TOTAL CURRENT ASSETS</b>             |      | <u>6,415,067</u>  | <u>5,134,708</u>  |
| <b>NON-CURRENT ASSETS</b>               |      |                   |                   |
| Other Receivables                       | 4    | 17,117            | 11,620            |
| Property, Plant and Equipment           | 6    | 6,618,654         | 6,232,844         |
| Infrastructure                          | 7    | 13,966,010        | 12,947,766        |
| <b>TOTAL NON-CURRENT ASSETS</b>         |      | <u>20,601,781</u> | <u>19,192,230</u> |
| <b>TOTAL ASSETS</b>                     |      | <u>27,016,848</u> | <u>24,326,938</u> |
| <b>CURRENT LIABILITIES</b>              |      |                   |                   |
| Trade and Other Payables                | 8    | 461,304           | 315,634           |
| Current Portion of Long Term Borrowings | 9    | 37,083            | 34,904            |
| Provisions                              | 10   | 236,093           | 225,168           |
| <b>TOTAL CURRENT LIABILITIES</b>        |      | <u>734,480</u>    | <u>575,706</u>    |
| <b>NON-CURRENT LIABILITIES</b>          |      |                   |                   |
| Long Term Borrowings                    | 9    | 29,323            | 66,406            |
| Provisions                              | 10   | 28,629            | 40,587            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>    |      | <u>57,952</u>     | <u>106,993</u>    |
| <b>TOTAL LIABILITIES</b>                |      | <u>792,432</u>    | <u>682,699</u>    |
| <b>NET ASSETS</b>                       |      | <u>26,224,416</u> | <u>23,644,239</u> |
| <b>EQUITY</b>                           |      |                   |                   |
| Retained Surplus                        |      | 21,525,480        | 20,082,038        |
| Reserves - Cash Backed                  | 11   | 4,698,936         | 3,562,201         |
| <b>TOTAL EQUITY</b>                     |      | <u>26,224,416</u> | <u>23,644,239</u> |

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

For the year ended 30th June 2012

|                |
|----------------|
| <b>2011-12</b> |
|----------------|

|                                   | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVES<br>CASH<br>BACKED<br>\$ | TOTAL<br>EQUITY<br>\$ |
|-----------------------------------|------|---------------------------|----------------------------------|-----------------------|
| Balance as at 1 July 2010         |      | 18,569,880                | 3,242,013                        | 21,811,893            |
| Net Result                        |      | 1,832,346                 | 0                                | 1,832,346             |
| Total Other Comprehensive Income  |      | 0                         | 0                                | 0                     |
| Transfers from/(to) Reserve       |      | (320,188)                 | 320,188                          | 0                     |
|                                   |      | <b>20,082,038</b>         | <b>3,562,201</b>                 | <b>23,644,239</b>     |
| <b>Balance as at 30 June 2011</b> |      |                           |                                  |                       |
| Net Result                        |      | 2,580,177                 | 0                                | 2,580,177             |
| Total Other Comprehensive Income  |      | 0                         | 0                                | 0                     |
| Transfer from/(to) Reserves       |      | (1,136,735)               | 1,136,735                        | 0                     |
|                                   |      | <b>21,525,480</b>         | <b>4,698,936</b>                 | <b>26,224,416</b>     |
| <b>Balance as at 30 June 2012</b> |      |                           |                                  |                       |

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

For the year ended 30th June 2012

2011-12

|   | NOTE  | 2012<br>\$         | 2012<br>Budget<br>\$ | 2011<br>\$         |
|---|-------|--------------------|----------------------|--------------------|
| <b>Cash Flows From Operating Activities</b>                                     |       |                    |                      |                    |
| <b>Receipts</b>   |       |                    |                      |                    |
| Rates   |       | 1,747,100          | 1,817,851            | 1,924,701          |
| Operating Grants, Subsidies and Contributions                                   |       | 2,945,428          | 2,031,530            | 1,421,383          |
| Fees and Charges  |       | 276,927            | 207,990              | 255,291            |
| Interest Earnings   |       | 282,030            | 124,863              | 230,915            |
| Goods and Services Tax  |       | 240,912            | 26,663               | 277,943            |
|   |       | <u>5,492,397</u>   | <u>4,208,897</u>     | <u>4,110,233</u>   |
| <b>Payments</b>   |       |                    |                      |                    |
| Employee Costs  |       | (1,273,370)        | (1,141,189)          | (1,207,396)        |
| Materials and Contracts   |       | (561,091)          | (1,016,809)          | (788,756)          |
| Utilities (gas, electricity, water, etc)  |       | (140,339)          | (108,421)            | (119,583)          |
| Insurance   |       | (150,371)          | (164,056)            | (147,002)          |
| Interest  |       | (5,391)            | (5,392)              | (7,442)            |
| Goods and Services Tax  |       | (259,022)          | 0                    | (303,500)          |
| Other   |       | (71,674)           | (12,728)             | (70,286)           |
|   |       | <u>(2,461,258)</u> | <u>(2,448,595)</u>   | <u>(2,643,965)</u> |
| <b>Net Cash Provided By (Used In) Operating Activities</b>                      | 13(b) | <u>3,031,139</u>   | <u>1,760,302</u>     | <u>1,466,268</u>   |
| <b>Cash Flows from Investing Activities</b>                                     |       |                    |                      |                    |
| Payments for Purchase of Property, Plant & Equipment                            |       | (920,178)          | (2,223,578)          | (564,029)          |
| Payments for Construction of Infrastructure                                     |       | (1,532,493)        | (1,422,278)          | (1,557,681)        |
| Non-Operating Grants, Subsidies and Contrib. used for the Development of Assets |       | 1,222,338          | 1,208,407            | 1,010,968          |
| Proceeds from Sale of Plant & Equipment   |       | 118,418            | 143,318              | 122,817            |
| <b>Net Cash Provided By (Used In) Investing Activities</b>                      |       | <u>(1,111,915)</u> | <u>(2,294,131)</u>   | <u>(987,925)</u>   |
| <b>Cash Flows from Financing Activities</b>                                     |       |                    |                      |                    |
| Repayment of Debentures   |       | <u>(34,904)</u>    | <u>(35,904)</u>      | <u>(32,854)</u>    |
| <b>Net Cash Provided By (Used In) Financing Activities</b>                      |       | <u>(34,904)</u>    | <u>(35,904)</u>      | <u>(32,854)</u>    |
| <b>Net Increase (Decrease) in Cash Held</b>                                     |       | 1,884,320          | (569,733)            | 445,489            |
| Cash at Beginning of Year   |       | 4,070,759          | 4,070,759            | 3,625,270          |
| <b>Cash and Cash Equivalents at the End of the Year</b>                         | 13(a) | <u>5,955,079</u>   | <u>3,501,026</u>     | <u>4,070,759</u>   |

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

For the year ended 30th June 2012

2011-12

|  | NOTE | 2012<br>\$         | 2012<br>Budget<br>\$ | 2011<br>\$         |
|--|------|--------------------|----------------------|--------------------|
| <b>REVENUES</b>                                  |      |                    |                      |                    |
| Governance                                       |      | 146,261            | 30,928               | 94,043             |
| General Purpose Funding                          |      | 1,560,919          | 881,210              | 1,670,538          |
| Law, Order, Public Safety                        |      | 79,313             | 29,240               | 32,176             |
| Health   |      | 4,066              | 4,000                | 12,871             |
| Education and Welfare                            |      | 83,883             | 73,889               | 134,859            |
| Housing  |      | 29,379             | 466,240              | 22,666             |
| Community Amenities                              |      | 124,899            | 118,177              | 143,088            |
| Recreation and Culture                           |      | 59,236             | 155,742              | 51,481             |
| Transport  |      | 1,809,748          | 1,050,534            | 1,106,910          |
| Economic Services                                |      | 85,796             | 105,024              | 97,435             |
| Other Property and Services                      |      | 77,070             | 40,200               | 64,316             |
|  |      | <u>4,060,570</u>   | <u>2,955,184</u>     | <u>3,430,383</u>   |
| <b>EXPENSES</b>                                  |      |                    |                      |                    |
| Governance                                       |      | (503,044)          | (591,684)            | (492,129)          |
| General Purpose Funding                          |      | (172,636)          | (256,432)            | (187,097)          |
| Law, Order, Public Safety                        |      | (158,417)          | (115,025)            | (96,551)           |
| Health   |      | (81,619)           | (108,529)            | (141,980)          |
| Education and Welfare                            |      | (139,449)          | (164,752)            | (147,615)          |
| Housing  |      | (62,004)           | (86,008)             | (93,945)           |
| Community Amenities                              |      | (374,800)          | (411,572)            | (272,398)          |
| Recreation & Culture                             |      | (588,121)          | (733,056)            | (628,226)          |
| Transport  |      | (924,451)          | (871,603)            | (1,031,337)        |
| Economic Services                                |      | (209,693)          | (236,692)            | (211,397)          |
| Other Property and Services                      |      | (96,448)           | (22,559)             | (79,176)           |
|  |      | <u>(3,310,682)</u> | <u>(3,597,912)</u>   | <u>(3,381,851)</u> |
| Net Result Excluding Rates                       |      | 749,888            | (642,728)            | 48,532             |
| <b>Adjustments for Cash Budget Requirements:</b> |      |                    |                      |                    |
| <b>Non-Cash Expenditure and Revenue</b>          |      |                    |                      |                    |
| (Profit)/Loss on Asset Disposals                 |      | (26,436)           | (18,402)             | (78,239)           |
| Movement in Deferred Pensioner Rates (Non-Curren |      | (5,497)            | 0                    | (5,027)            |
| Movement in Employee Benefit Provisions          |      | (11,958)           | 0                    | (4,992)            |
| Depreciation and Amortisation on Assets          |      | 956,635            | 903,393              | 923,863            |
| <b>Capital Expenditure and Revenue</b>           |      |                    |                      |                    |
| Purchase Land and Buildings                      |      | (396,402)          | (1,499,658)          | (117,401)          |
| Purchase Furniture and Equipment                 |      | (82,388)           | (69,603)             | (35,496)           |
| Purchase Plant and Equipment                     |      | (441,388)          | (654,317)            | (411,132)          |
| Purchase Infrastructure Assets - Roads           |      | (1,353,199)        | (1,226,502)          | (1,239,826)        |
| Purchase Infrastructure Assets - Drainage        |      | (38,130)           | (81,438)             | (66,865)           |
| Purchase Infrastructure Assets - Parks & Ovals   |      | (34,978)           | (47,706)             | (106,288)          |
| Purchase Infrastructure Assets - Aerodrome       |      | 0                  | (6,449)              | 0                  |
| Purchase Infrastructure Assets - Other           |      | (106,186)          | (60,183)             | (144,702)          |
| Proceeds from Disposal of Assets                 |      | 118,418            | 143,318              | 122,817            |
| Repayment of Debentures                          |      | (34,904)           | (35,904)             | (32,854)           |
| Transfers to Reserves (Restricted Assets)        |      | (2,133,715)        | (918,907)            | (1,487,601)        |
| Transfers from Reserves (Restricted Assets)      |      | 996,980            | 985,082              | 1,167,413          |
| ADD Surplus/(Deficit) July 1 B/Fwd               |      | 1,031,705          | 1,435,652            | 715,689            |
| LESS Surplus/(Deficit) June 30 C/Fwd             |      | 1,018,734          | 0                    | 1,031,705          |
| <b>Amount Required to be Raised from Rates</b>   | 22   | <u>(1,830,289)</u> | <u>(1,794,352)</u>   | <u>(1,783,814)</u> |

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

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

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

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

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

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

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

**(c) Goods and Services Tax**

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

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

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

**(d) Cash and Cash Equivalents**

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

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



**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(e) Trade and Other Receivables**

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

**(f) Inventories****General**

Inventories are valued 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 are expensed.

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

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

**(g) Fixed Assets**

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

**Initial Recognition**

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

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

**Revaluation**

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

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

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fixed Assets (Continued)**

**Land under Roads**

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

Effective as at 1st July 2008, Council elected not to recognise any value for land under roads acquired on or before 30th June 2008. This accords with the treatment available in Australian Accounting Standards 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 1st July 2008, as detailed above, Local Government (Financial Management) Regulations 16 (a)(i) prohibits local government 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 1st July 2008 is not included as an asset of the Council.

**Depreciation of Non-Current Assets**

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

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

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

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

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

### Capitalisation Threshold

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

## (h) Financial Instruments

### Initial Recognition and Measurement

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

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

Amortised cost is calculated as:

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

The effective interest method used is to allocate interest income or interest expenses over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments and 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 of an income or expense in profit or loss.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(h) Investments and Other Financial Assets (Continued)***(i) Financial assets at fair value through profit and loss*

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

*(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 costs.

Loans and receivables are included in current assets or current liabilities, except for those which are not 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's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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

*(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 investment in the equity of other entities where there is neither a fixed maturity nor fixed 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 financial assets are classified as non-current.

*(v) Financial Liabilities*

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

**Impairment**

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

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant 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.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) Impairment**

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

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

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

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

**(j) Trade and Other Payables**

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

**(k) Employee Benefits**

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

**(l) Borrowing Costs**

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

**(m) Provisions**

Provisions are recognised when:

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(n) Leases**

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

Finance leases are capitalised recording an asset and a liability equal at the lower amount 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 leases liability and the lease interest expense for the period.

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

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

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

**(o) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Statement of Financial Position and Statement of Comprehensive Income. Information about the joint venture is set out in Note 16.

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

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

**(p) Rates, Grants, Donations and Other Contributions**

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

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

**(q) Superannuation**

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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 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 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 statements, 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.



**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(v) New Accounting Standards and Interpretations for Application in Future Periods**

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

The Council's assessment of these new/amended standards and interpretations is set out below.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

| Title and Topic  | Issued        | Applicable <sup>(1)</sup> | Impact   |
|--|---------------|---------------------------|--|
| (vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]  | December 2010 | 01 January 2013           | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| (viii) AASB 2011 - 2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & AASB 1054]                               | May 2011      | 01 July 2013              | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]  | May 2011      | 01 July 2012              |  |
| AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation the Equity Method and Proportionate Consideration - Reduced Disclosure Requirements. [AASB 127, 128 & 131] | July 2011     | 01 July 2013              |  |

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

|      | Title and Topic  | Issued         | Applicable <sup>(1)</sup> | Impact  |
|------|--|----------------|---------------------------|---|
| (ix) | AASB 10 - Consolidated Financial Statements<br>AASB 11 - Joint Arrangements<br>AASB 12 - Disclosure of Interests in Other Entities<br>AASB 127 - Separate Financial Statements<br>AASB 128 - Investments in Associates and Joint Ventures<br>AASB 2011 - & Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards<br><br>[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101<br><br>107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17 | August 2011    | 01 January 2013           | Nil - None of these except for AASB 128, are expected to have significant application to the operations of the Council<br>With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supersede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it.<br>Due to the nature of the Joint Venture it is not expected to have significant impact on the Council.   |
| (x)  | AASB 13 - Fair Value Measurement<br>AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13<br>[AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]   | September 2011 | 01 January 2013           | AASB 13 defines fair value establishes a framework for measuring fair value and requires disclosure about fair value measurements. AASB 13 requires:<br>- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value.<br>AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1/7/12. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1/7/12. It is not possible to estimate the likely amount of any revaluations. |

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

|        | <b>Title and Topic</b>   | <b>Issued</b>  | <b>Applicable <sup>(1)</sup></b> | <b>Impact</b>  |
|--------|--|----------------|----------------------------------|--|
| (xi)   | AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]     | September 2011 | 01 July 2013                     | The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassified to profit or loss subsequently. It effects presentation only and is not expected to significantly impact on the Council. |
| (xii)  | AASB 119 - Employee Benefits<br>AASB 2010 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011 - 8 and Interpretation 14] | September 2011 | 01 January 2013                  | The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.   |
| (xiii) | AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements  | September 2011 | 01 July 2013                     | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.   |
|        | AASB 2011 - 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]   | November 2011  | 01 January 2013                  |  |
|        | AASB 2011 - 13 Amendments to Australian Accounting Standards - Improvements to AASB 1049   | December 2011  | 01 July 2013                     |  |

Notes:

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

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

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

## 2. REVENUES AND EXPENSES

2012

2011

\$

\$

## (a) Net Result

The Net Result includes:

(i) Charging as an Expense:

**Auditors Remuneration**

|                  |        |        |
|------------------|--------|--------|
| - Audit          | 18,175 | 9,100  |
| - Other Services | 7,445  | 14,600 |

**Depreciation**

|                         |                |                |
|-------------------------|----------------|----------------|
| Buildings               | 98,050         | 85,732         |
| Furniture and Equipment | 59,518         | 51,877         |
| Plant and Equipment     | 326,832        | 353,732        |
| Roads                   | 438,777        | 398,887        |
| Parks                   | 21,508         | 21,509         |
| Drainage                | 7,612          | 7,788          |
| Airport                 | 1,444          | 1,444          |
| Other Infrastructure    | 2,894          | 2,894          |
|                         | <u>956,635</u> | <u>923,863</u> |

**Interest Expenses**

|                               |              |              |
|-------------------------------|--------------|--------------|
| Debentures (refer Note 21(a)) | 4,970        | 7,027        |
|                               | <u>4,970</u> | <u>7,027</u> |

**Rental Charges**

|                    |               |               |
|--------------------|---------------|---------------|
| - Operating Leases | 11,938        | 11,938        |
|                    | <u>11,938</u> | <u>11,938</u> |

(ii) Crediting as Revenue:

2012

2012

2011

\$

Budget

\$

\$

**Interest Earnings**

|  |                |                |                |
|--|----------------|----------------|----------------|
| Investments                            |                |                |                |
| - Municipal Fund                       | 41,052         | 79,113         | 14,165         |
| - Reserve Funds                        | 195,190        | 17,000         | 180,624        |
| Other Interest Revenue (refer note 26) | 43,823         | 28,750         | 39,855         |
|  | <u>280,065</u> | <u>124,863</u> | <u>234,644</u> |

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**GOVERNANCE**

Administration and operation of facilities and services to members of council. Includes fees, expenses and allowances paid to elected members, election costs, insurance, subscriptions, conference expenses, council chamber expenses, receptions, members' entertainment, printing, telephones, faxes, etc. Also includes the allocation of administration expenses for the Chief Executive Officer and staff in preparation, administration and attendance at meetings and assisting elected members and other committees of Council.

Research, development and preparation of policy documents, development of local laws, strategic planning, plan for the future, annual budgets, annual financial reports, audit fees and the annual report.

**GENERAL PURPOSE FUNDING**

Revenue from the general rate, differential rates, minimum rates, interest and fees on instalment arrangements, interest on arrears, less discounts and/or concessions relating to rates levied under the Local Government Act 1995. Expenses for the administration of rate records, rating valuations, servicing notices, postage, stationery, advertising, doubtful debt expense, debt collection, indirect administration costs etc.

Amounts receivable from the Western Australian Grants Commission and other Government Grant of a general purpose nature and generally referred to as untied grants.

Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses on the Municipal Fund.

**LAW, ORDER, PUBLIC SAFETY**

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning.

Administration, enforcement and operations relating to the control of animals and the enforcement of Council's local laws. Includes the costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying dogs, cats, cattle and other livestock and impounding and destruction fees.

**HEALTH**

Administration, inspection and operations of programs concerned with the general health of the community, includes the provision of medical services such as doctor, nursing services, Royal Flying Doctors Service and regional health scheme. Monitoring and control of health standards within the community.

Administration and operations for programs concerned with the eradication of noxious insects and vermin such as mosquitoes, flies, rodents etc.

Food quality and pest control, inspection of Eyre Highway premises.



**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective**

**EDUCATION AND WELFARE**

Support of education facilities and youth programs in the Shire.

**HOUSING**

Maintenance of staff housing.

**COMMUNITY AMENITIES**

Rubbish collection services, operation of tip, storm water drainage, administration of the town planning scheme and maintenance of the cemetery.

**RECREATION AND CULTURE**

Maintenance of a halls, various reserves, parks and gardens, swimming pool and operation of the Council library. Includes radio and television rebroadcasting and cultural and heritage programs.

**TRANSPORT**

Construction and maintenance of roads, drainage works, Council depot, footpaths, street lighting, parking facilities and traffic signs. Maintenance of the aerodrome and cleaning of streets.

**ECONOMIC SERVICES**

Assistance for tourism, building control and water standpipe operation.

**OTHER PROPERTY & SERVICES**

Private works, plant operation, other operational costs and other property maintenance.

## 2. REVENUE AND EXPENSES (Continued)

## (c) Conditions Over Grants/Contributions

| Grant/Contribution                        | Function/<br>Activity | Opening<br>Balance (*)<br>1-Jul-10<br>\$ | Received (+)<br>2010/11<br>\$ | Expended (#)<br>2010/11<br>\$ | Closing<br>Balance (*)<br>30-Jun-11<br>\$ | Received (+)<br>2011/12<br>\$ | Expended (#)<br>2011/12<br>\$ | Closing<br>Balance<br>30-Jun-12<br>\$ |
|---|-----------------------|--|-------------------------------|-------------------------------|---|-------------------------------|-------------------------------|---------------------------------------|
| HACC Grant                                | Welfare               | 6,945                                    | 0                             | 0                             | 6,945                                     | 0                             | 0                             | 6,945                                 |
| Roberts St Upgrade - GEDC                 | Transport             | 13,000                                   | 0                             | 0                             | 13,000                                    | 0                             | 0                             | 13,000                                |
| Office of Crime Prevention Graffiti Grant | Law,Order & Safety    | 15,648                                   | 0                             | (15,648)                      | 0   | 0                             | 0                             | 0                                     |
| CLGF (09/10)                              | Transport             | 215,234                                  | 0                             | (215,234)                     | 0   | 0                             | 0                             | 0                                     |
| CLGF (10/11)                              | Various               | 0  | 424,733                       | 0                             | 424,733                                   | 0                             | (307,164)                     | 117,569                               |
| CLGF (11/12)                              | Various               | 0  | 0                             | 0                             | 0   | 373,362                       | (181,366)                     | 191,996                               |
| RCLIP                                     | Transport             | 30,000                                   | 0                             | (30,000)                      | 0   | 0                             | 0                             | 0                                     |
| ABHI Grant                                | Health                | 62,707                                   | 0                             | (62,707)                      | 0   | 0                             | 0                             | 0                                     |
| Office of Crime Prevention Lighting Proj  | Law,Order & Safety    | 5,000                                    | 0                             | (5,000)                       | 0   | 0                             | 0                             | 0                                     |
| Roads to Recovery Grant (09/10 C/F)       | Transport             | 164,446                                  | 0                             | (164,446)                     | 0   | 0                             | 0                             | 0                                     |
| <b>Total</b>                              |                       | <b>512,980</b>                           | <b>424,733</b>                | <b>(493,035)</b>              | <b>444,678</b>                            | <b>373,362</b>                | <b>(488,530)</b>              | <b>329,510</b>                        |

## Notes:

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

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

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

All the funds have been included in Unspent Grants/Contribution Reserve.

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|   | 2012<br>\$       | 2011<br>\$       |
|---|------------------|------------------|
| <b>3. CASH AND CASH EQUIVALENTS</b>   |                  |                  |
| Unrestricted  | 1,256,143        | 508,558          |
| Restricted  | 4,698,936        | 3,562,201        |
|   | <u>5,955,079</u> | <u>4,070,759</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |                  |                  |
| Leave Reserve   | 300,720          | 244,602          |
| Plant Reserve   | 862,769          | 564,451          |
| Aerodrome Reserve   | 120,602          | 112,536          |
| Rubbish Reserve   | 83,484           | 77,901           |
| Property Reserve  | 1,278,934        | 997,446          |
| Road/Footpath Reserve   | 130,510          | 105,291          |
| Coastal Reserve   | 56,308           | 52,542           |
| Townscape Reserve   | 125,927          | 117,506          |
| Tourist Bureau Reserve  | 44,582           | 41,601           |
| Unspent Grants/Contribution Reserve   | 1,105,201        | 814,518          |
| Robert St Upgrade Reserve   | 49,732           | 46,406           |
| IT Reserve  | 81,277           | 57,179           |
| Reseal Reserve  | 405,812          | 304,022          |
| Industrial Area Reserve   | 53,078           | 26,200           |
|   | <u>4,698,936</u> | <u>3,562,201</u> |
| <b>4. TRADE AND OTHER RECEIVABLES</b>   |                  |                  |
| <b>Current</b>  |                  |                  |
| Rates Outstanding   | 275,622          | 197,930          |
| Legal & Sundry  | 16,315           | 14,273           |
| Emergency Service Levy  | 11,344           | 9,379            |
| Sanitation Charges  | 18,789           | 13,782           |
| Pensioner Rebates   | 53,498           | 53,498           |
| Less Provision for Doubtful Debts   | (45,000)         | (60,000)         |
| Sundry Debtors  | 93,970           | 815,680          |
| Accrued Interest on Investment  | 4,575            | 6,540            |
| GST Receivable  | 18,110           | 0                |
| Fuel Tax Credit   | 1,890            | 1,359            |
|   | <u>449,113</u>   | <u>1,052,441</u> |
| <b>Non-Current</b>  |                  |                  |
| Rates Outstanding - Pensioners  | 17,117           | 11,620           |
|   | <u>17,117</u>    | <u>11,620</u>    |
| <b>5. INVENTORIES</b>   |                  |                  |
| <b>Current</b>  |                  |                  |
| Fuel and Materials  | 10,875           | 11,508           |
|   | <u>10,875</u>    | <u>11,508</u>    |

|   | 2012<br>\$              | 2011<br>\$              |
|---|-------------------------|-------------------------|
| <b>6. PROPERTY, PLANT AND EQUIPMENT</b> |                         |                         |
| Land                                    | 83,626                  | 83,626                  |
| GVROC Joint Venture - Cost              | 68,000                  | 5,125,753               |
| Less Accumulated Depreciation           | <u>(75)</u>             | <u>(793,876)</u>        |
|   | 67,925                  | 4,331,877               |
| Buildings - Cost                        | 5,488,168               | 5,125,753               |
| Less Accumulated Depreciation           | <u>(891,850)</u>        | <u>(793,876)</u>        |
|   | 4,596,318               | 4,331,877               |
| Furniture and Equipment - Cost          | 616,817                 | 534,452                 |
| Less Accumulated Depreciation           | <u>(415,190)</u>        | <u>(355,695)</u>        |
|   | 201,627                 | 178,757                 |
| Plant and Equipment - Cost              | 3,096,609               | 2,854,246               |
| Less Accumulated Depreciation           | <u>(1,428,111)</u>      | <u>(1,216,322)</u>      |
|   | 1,668,498               | 1,637,924               |
| Other Valuable - Cost                   | 660                     | 660                     |
|   | <u><u>6,618,654</u></u> | <u><u>6,232,844</u></u> |

## 6. PROPERTY, PLANT AND EQUIPMENT (Continued)

## Movements in Carrying Amounts

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

|                            | Land<br>\$    | GVROC JV<br>\$ | Buildings<br>\$  | Furniture<br>&<br>Equipment<br>\$ | Plant<br>&<br>Equipment<br>\$ | Other<br>Valuable<br>Items<br>\$ | Total<br>\$      |
|----------------------------|---------------|----------------|------------------|-----------------------------------|-------------------------------|----------------------------------|------------------|
| Balance as at 1 July 2011  | 83,626        | 0              | 4,331,877        | 178,757                           | 1,637,924                     | 660                              | 6,232,844        |
| Additions                  | 8,000         | 68,000         | 320,402          | 82,388                            | 441,388                       | 0                                | 920,178          |
| (Disposals)                | (8,000)       | 0              | 0                | 0                                 | (83,982)                      | 0                                | (91,982)         |
| Impairment - (losses)      | 0             | 0              | 0                | 0                                 | 0                             | 0                                | 0                |
| - reversals                | 0             | 0              | 0                | 0                                 | 0                             | 0                                | 0                |
| Depreciation (Expense)     | 0             | (75)           | (97,975)         | (59,518)                          | (326,832)                     | 0                                | (484,400)        |
| Reclassification           | 0             | 0              | 42,014           | 0                                 | 0                             | 0                                | 42,014           |
| Balance as at 30 June 2012 | <u>83,626</u> | <u>67,925</u>  | <u>4,596,318</u> | <u>201,627</u>                    | <u>1,668,498</u>              | <u>660</u>                       | <u>6,618,654</u> |

For the year ended 30th June 2012

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|                               | 2012<br>\$         | 2011<br>\$         |
|-------------------------------|--------------------|--------------------|
| <b>7. INFRASTRUCTURE</b>      |                    |                    |
| Roads - Cost                  | 21,297,585         | 19,944,386         |
| Less Accumulated Depreciation | <u>(9,081,790)</u> | <u>(8,643,013)</u> |
|                               | 12,215,795         | 11,301,373         |
| <br>                          |                    |                    |
| Drainage - Cost               | 623,660            | 585,530            |
| Less Accumulated Depreciation | <u>(100,838)</u>   | <u>(93,226)</u>    |
|                               | 522,822            | 492,304            |
| <br>                          |                    |                    |
| Airport Cost                  | 72,199             | 72,199             |
| Less Accumulated Depreciation | <u>(11,482)</u>    | <u>(10,038)</u>    |
|                               | 60,717             | 62,161             |
| <br>                          |                    |                    |
| Parks & Ovals - Cost          | 1,110,434          | 1,075,455          |
| Less Accumulated Depreciation | <u>(146,844)</u>   | <u>(125,335)</u>   |
|                               | 963,590            | 950,120            |
| <br>                          |                    |                    |
| Other Infrastructure - Cost   | 208,874            | 144,702            |
| Less Accumulated Depreciation | <u>(5,788)</u>     | <u>(2,894)</u>     |
|                               | 203,086            | 141,808            |
|                               | <u>13,966,010</u>  | <u>12,947,766</u>  |

**7. INFRASTRUCTURE (Continued)**
**Movements in Carrying Amounts**

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

|                            | <u>Roads</u><br>\$ | <u>Drainage</u><br>\$ | <u>Airport</u><br>\$ | <u>Parks<br/>and<br/>Ovals</u><br>\$ | <u>Other<br/>Infrastructure</u><br>\$ | <u>Total</u><br>\$ |
|----------------------------|--------------------|-----------------------|----------------------|--------------------------------------|---------------------------------------|--------------------|
| Balance as at 1 July 2011  | 11,301,373         | 492,304               | 62,161               | 950,120                              | 141,808                               | 12,947,766         |
| Additions                  | 1,353,199          | 38,130                | 0                    | 34,978                               | 106,186                               | 1,532,493          |
| (Disposals)                | 0                  | 0                     | 0                    | 0                                    | 0                                     | 0                  |
| Impairment - (losses)      | 0                  | 0                     | 0                    | 0                                    | 0                                     | 0                  |
| - reversals                | 0                  | 0                     | 0                    | 0                                    | 0                                     | 0                  |
| Depreciation (Expense)     | (438,777)          | (7,612)               | (1,444)              | (21,508)                             | (2,894)                               | (472,235)          |
| Reclassification           | 0                  | 0                     | 0                    | 0                                    | (42,014)                              | (42,014)           |
| Balance as at 30 June 2012 | <u>12,215,795</u>  | <u>522,822</u>        | <u>60,717</u>        | <u>963,590</u>                       | <u>203,086</u>                        | <u>13,966,010</u>  |

|   | 2012<br>\$     | 2011<br>\$     |
|---|----------------|----------------|
| <b>8. TRADE AND OTHER PAYABLES</b>                      |                |                |
| <b>Current</b>  |                |                |
| Sundry Creditors  | 362,826        | 194,750        |
| FESA Levy   | 20,164         | 17,812         |
| GST Payable   | 0              | 45,048         |
| PAYG Payable  | 19,827         | 19,890         |
| FBT Payable   | 8,323          | 2,986          |
| Accrued Interest on Debentures                          | 801            | 1,222          |
| Accrued Salaries and Wages                              | 49,363         | 33,926         |
|   | <u>461,304</u> | <u>315,634</u> |
| <b>9. LONG-TERM BORROWINGS</b>                          |                |                |
| <b>Current</b>  |                |                |
| Secured by Floating Charge<br>Debentures                | <u>37,083</u>  | <u>34,904</u>  |
|   | <u>37,083</u>  | <u>34,904</u>  |
| <b>Non-Current</b>                                      |                |                |
| Secured by Floating Charge<br>Debentures                | <u>29,323</u>  | <u>66,406</u>  |
|   | <u>29,323</u>  | <u>66,406</u>  |
| Additional detail on borrowings is provided in Note 21. |                |                |
| <b>10. PROVISIONS</b>                                   |                |                |
| <b>Current</b>  |                |                |
| Provision for Annual Leave                              | 122,897        | 135,740        |
| Provision for Long Service Leave                        | 113,196        | 89,428         |
|   | <u>236,093</u> | <u>225,168</u> |
| <b>Non-Current</b>                                      |                |                |
| Provision for Long Service Leave                        | <u>28,629</u>  | <u>40,587</u>  |
|   | <u>28,629</u>  | <u>40,587</u>  |



For the year ended 30th June 2012

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|  | 2012<br>\$       | 2012<br>Budget<br>\$ | 2011<br>\$     |
|--|------------------|----------------------|----------------|
| <b>11. RESERVES - CASH BACKED</b>      |                  |                      |                |
| <b>(a) Leave Reserve</b>               |                  |                      |                |
| Opening Balance                        | 244,602          | 244,602              | 180,083        |
| Amount Set Aside / Transfer to Reserve | 67,281           | 56,523               | 64,519         |
| Amount Used / Transfer from Reserve    | (11,163)         | 0                    | 0              |
|  | <u>300,720</u>   | <u>301,125</u>       | <u>244,602</u> |
| <b>(b) Plant Reserve</b>               |                  |                      |                |
| Opening Balance                        | 564,451          | 564,451              | 508,257        |
| Amount Set Aside / Transfer to Reserve | 425,765          | 402,242              | 275,246        |
| Amount Used / Transfer from Reserve    | (127,447)        | 0                    | (219,052)      |
|  | <u>862,769</u>   | <u>966,693</u>       | <u>564,451</u> |
| <b>(c) Aerodrome Reserve</b>           |                  |                      |                |
| Opening Balance                        | 112,536          | 112,536              | 105,441        |
| Amount Set Aside / Transfer to Reserve | 8,066            | 3,001                | 7,095          |
| Amount Used / Transfer from Reserve    | 0                | 0                    | 0              |
|  | <u>120,602</u>   | <u>115,537</u>       | <u>112,536</u> |
| <b>(d) Rubbish Reserve</b>             |                  |                      |                |
| Opening Balance                        | 77,901           | 77,901               | 72,989         |
| Amount Set Aside / Transfer to Reserve | 5,583            | 2,077                | 4,912          |
| Amount Used / Transfer from Reserve    | 0                | 0                    | 0              |
|  | <u>83,484</u>    | <u>79,978</u>        | <u>77,901</u>  |
| <b>(e) Property Reserve</b>            |                  |                      |                |
| Opening Balance                        | 997,446          | 997,446              | 836,362        |
| Amount Set Aside / Transfer to Reserve | 281,488          | 310,044              | 161,084        |
| Amount Used / Transfer from Reserve    | 0                | (250,000)            | 0              |
|  | <u>1,278,934</u> | <u>1,057,490</u>     | <u>997,446</u> |
| <b>(f) Road/Footpath Reserve</b>       |                  |                      |                |
| Opening Balance                        | 105,291          | 105,291              | 98,652         |
| Amount Set Aside / Transfer to Reserve | 25,219           | 2,808                | 6,639          |
| Amount Used / Transfer from Reserve    | 0                | 0                    | 0              |
|  | <u>130,510</u>   | <u>108,099</u>       | <u>105,291</u> |
| <b>(g) Coastal Reserve</b>             |                  |                      |                |
| Opening Balance                        | 52,542           | 52,542               | 49,229         |
| Amount Set Aside / Transfer to Reserve | 3,766            | 1,401                | 3,313          |
| Amount Used / Transfer from Reserve    | 0                | 0                    | 0              |
|  | <u>56,308</u>    | <u>53,943</u>        | <u>52,542</u>  |
| <b>(h) Townscape Reserve</b>           |                  |                      |                |
| Opening Balance                        | 117,506          | 117,506              | 110,097        |
| Amount Set Aside / Transfer to Reserve | 8,421            | 3,133                | 7,409          |
| Amount Used / Transfer from Reserve    | 0                | 0                    | 0              |
|  | <u>125,927</u>   | <u>120,639</u>       | <u>117,506</u> |
| <b>(i) Tourist Bureau Reserve</b>      |                  |                      |                |
| Opening Balance                        | 41,601           | 41,601               | 38,978         |
| Amount Set Aside / Transfer to Reserve | 2,981            | 1,109                | 2,623          |
| Amount Used / Transfer from Reserve    | 0                | 0                    | 0              |
|  | <u>44,582</u>    | <u>42,710</u>        | <u>41,601</u>  |

## 11. RESERVES - CASH BACKED (Continued)

|  | 2012<br>\$       | 2012<br>Budget<br>\$ | 2011<br>\$       |
|--|------------------|----------------------|------------------|
| <b>(j) IT Reserve</b>                          |                  |                      |                  |
| Opening Balance                                | 57,179           | 57,179               | 33,935           |
| Amount Set Aside / Transfer to Reserve         | 24,098           | 21,525               | 23,244           |
| Amount Used / Transfer from Reserve            | 0                | 0                    | 0                |
|  | <u>81,277</u>    | <u>78,704</u>        | <u>57,179</u>    |
| <b>(k) Reseal Reserve</b>                      |                  |                      |                  |
| Opening Balance                                | 304,022          | 304,022              | 212,190          |
| Amount Set Aside / Transfer to Reserve         | 101,790          | 88,107               | 91,832           |
| Amount Used / Transfer from Reserve            | 0                | 0                    | 0                |
|  | <u>405,812</u>   | <u>392,129</u>       | <u>304,022</u>   |
| <b>(l) Robert St Upgrade Reserve</b>           |                  |                      |                  |
| Opening Balance                                | 46,406           | 46,406               | 43,480           |
| Amount Set Aside / Transfer to Reserve         | 3,326            | 1,238                | 2,926            |
| Amount Used / Transfer from Reserve            | 0                | 0                    | 0                |
|  | <u>49,732</u>    | <u>47,644</u>        | <u>46,406</u>    |
| <b>(m) Unspent Grants/Contribution Reserve</b> |                  |                      |                  |
| Opening Balance                                | 814,518          | 814,518              | 952,320          |
| Amount Set Aside / Transfer to Reserve         | 1,149,053        | 0                    | 810,559          |
| Amount Used / Transfer from Reserve            | (858,370)        | (735,082)            | (948,361)        |
|  | <u>1,105,201</u> | <u>79,436</u>        | <u>814,518</u>   |
| <b>(n) Industrial Area Reserve</b>             |                  |                      |                  |
| Opening Balance                                | 26,200           | 26,200               | 0                |
| Amount Set Aside / Transfer to Reserve         | 26,878           | 25,699               | 26,200           |
| Amount Used / Transfer from Reserve            | 0                | 0                    | 0                |
|  | <u>53,078</u>    | <u>51,899</u>        | <u>26,200</u>    |
| <b>TOTAL CASH BACKED RESERVES</b>              | <u>4,698,936</u> | <u>3,496,026</u>     | <u>3,562,201</u> |

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

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

Leave Reserve

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

Plant Reserve

- to be used for the purchase of major plant

Property Reserve

- to be used for the replacement of Shire Buildings

Aerodrome Reserve

- to be used for the maintenance of the airstrip at Norseman

Rubbish Reserve

- to be used to replace the rubbish truck.

Road/Footpath Reserve

- to be used for the construction of roads and footpaths

Coastal Reserve

- to be used for the construction of coastal infrastructure

Townscape Reserve

- to be used to fund townscape projects

Tourist Bureau Reserve

- to be used to fund area promotion projects

**11. RESERVES - CASH BACKED (Continued)**

Robert St Upgrade Reserve

- to be used to fund the Robert St Upgrade.

IT Reserve

- to be used to fund the ongoing IT requirements of the Shire

Reseal Reserve

- to be used to fund road reseals in th Shire

Unspent Grants/Contribution Reserve

- to be used to restrict unspent grants and contributions at the end of the financial year.

Industrial Area Reserve

- to be used to fund the extension of the light industrial area (installation of services, roads, development of lots etc)

The Leave, Plant, Rubbish, Property, Reseal, IT and Coastal Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**12. RESERVES - ASSET REVALUATION**

All assets for the Shire of Dundas have been recorded at cost. There has been no revaluation of any class of fixed assets.

**13. NOTES TO THE CASH FLOW STATEMENT****(a) Reconciliation of Cash**

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

|                           | 2012<br>\$       | 2012<br>Budget<br>\$ | 2011<br>\$       |
|---------------------------|------------------|----------------------|------------------|
| Cash and Cash Equivalents | <u>5,955,079</u> | <u>3,501,026</u>     | <u>4,070,759</u> |

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

|   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| Net Result  | 2,580,177          | 1,151,624          | 1,832,346          |
| Depreciation  | 956,635            | 903,393            | 923,863            |
| (Profit)/Loss on Sale of Asset                        | (26,436)           | (18,402)           | (78,239)           |
| (Increase)/Decrease in Receivables                    | 597,831            | 665,721            | (279,556)          |
| (Increase)/Decrease in Inventories                    | 633                | 0                  | (9,079)            |
| Increase/(Decrease) in Payables                       | 145,670            | 236,771            | 96,918             |
| Increase/(Decrease) in Employee Provisions            | (1,033)            | 29,602             | (9,017)            |
| Grants/Contributions for<br>the Development of Assets | <u>(1,222,338)</u> | <u>(1,208,407)</u> | <u>(1,010,968)</u> |
| <b>Net Cash from Operating Activities</b>             | <u>3,031,139</u>   | <u>1,760,302</u>   | <u>1,466,268</u>   |

**13. NOTES TO THE CASH FLOW STATEMENT (Continued)**

|  | 2012<br>\$    | 2011<br>\$     |
|--|---------------|----------------|
| <b>(c) Undrawn Borrowing Facilities</b>        |               |                |
| <b>Credit Standby Arrangements</b>             |               |                |
| Bank Overdraft limit                           | 0             | 0              |
| Bank Overdraft at Balance Date                 | 0             | 0              |
| Credit Card limit                              | 6,000         | 4,000          |
| Credit Card Balance at Balance Date            | (5,017)       | (1,841)        |
| <b>Total Amount of Credit Unused</b>           | <u>983</u>    | <u>2,159</u>   |
| <br>   |               |                |
| <b>Loan Facilities</b>                         |               |                |
| Loan Facilities - Current                      | 37,083        | 34,904         |
| Loan Facilities - Non-Current                  | 29,323        | 66,406         |
| <b>Total Facilities in Use at Balance Date</b> | <u>66,406</u> | <u>101,310</u> |
| <br>   |               |                |
| <b>Unused Loan Facilities at Balance Date</b>  | <u>0</u>      | <u>0</u>       |

**14. CONTINGENT LIABILITIES**

The Shire of Dundas does not have any contingent liabilities as at 30th June 2012.

**15. CAPITAL AND LEASING COMMITMENTS****(a) Finance Lease Commitments**

The Shire of Dundas does not have any finance lease commitments as at 30th June 2012.

**(b) Operating Lease Commitments**

Non-cancellable operating leases - contracted for but not capitalised in the accounts.

|   |               |               |
|---|---------------|---------------|
| Payable   |               |               |
| - not later than one year                           | 11,940        | 11,940        |
| - later than one year but not later than five years | 4,620         | 16,560        |
|   | <u>16,560</u> | <u>28,500</u> |

**(c) Capital Expenditure Commitments**

The Shire of Dundas does not have any capital expenditure commitments as at 30th June 2012.

**16. JOINT VENTURE**

The Shire of Dundas together with the Shire of Coolgardie, Esperance, Laverton, Leonor, Menzies, Ngaanyatjarraku, Ravensthorpe, Wiluna and the City of Kalgoorlie have a joint venture arrangement with regards to the provision of a Regional Records Service. The only asset is a building. Council has a one tenth share in the asset and included it in property, plant and equipment (Please refer Note 6)

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

|                             | <b>2012</b>       | <b>2011</b>       |
|-----------------------------|-------------------|-------------------|
|                             | <b>\$</b>         | <b>\$</b>         |
| Governance                  | 2,143,381         | 1,917,359         |
| General Purpose Funding     | 333,471           | 240,483           |
| Law, Order, Public Safety   | 550,626           | 554,982           |
| Health                      | 223,992           | 236,210           |
| Education and Welfare       | 54,035            | 57,189            |
| Housing                     | 516,755           | 472,728           |
| Community Amenities         | 406,866           | 291,393           |
| Recreation and Culture      | 2,722,376         | 2,527,082         |
| Transport                   | 15,675,687        | 15,045,516        |
| Economic Services           | 125,671           | 64,699            |
| Other Property and Services | 218,603           | 235,687           |
| Unallocated                 | 4,045,385         | 2,683,610         |
|                             | <u>27,016,848</u> | <u>24,326,938</u> |

|   | 2012  | 2011  | 2010  |
|---|-------|-------|-------|
| <b>18. FINANCIAL RATIOS</b>                           |       |       |       |
| Current Ratio   | 3.510 | 4.486 | 3.870 |
| Untied Cash to Trade Creditors Ratio                  | 3.462 | 2.611 | 3.219 |
| Debt Ratio  | 0.029 | 0.028 | 0.027 |
| Debt Service Ratio                                    | 0.009 | 0.009 | 0.013 |
| Gross Debt to Revenue Ratio                           | 0.014 | 0.024 | 0.036 |
| Gross Debt to<br>Economically Realisable Assets Ratio | 0.005 | 0.009 | 0.013 |
| Rate Coverage Ratio                                   | 0.319 | 0.349 | 0.352 |
| Outstanding Rates Ratio                               | 0.133 | 0.091 | 0.188 |

The above ratios are calculated as follows:

|   |  |
|---|--|
| Current Ratio   | $\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$ |
| Untied Cash to Trade Creditors Ratio                  | $\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$   |
| Debt Ratio  | $\frac{\text{Total liabilities}}{\text{Total assets}}$   |
| Debt Service Ratio                                    | $\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$  |
| Gross Debt to Revenue Ratio                           | $\frac{\text{Gross debt}}{\text{Total revenue}}$   |
| Gross Debt to<br>Economically Realisable Assets Ratio | $\frac{\text{Gross debt}}{\text{Economically realisable assets}}$  |
| Rate Coverage Ratio                                   | $\frac{\text{Net rate revenue}}{\text{Operating revenue}}$   |
| Outstanding Rates Ratio                               | $\frac{\text{Rates outstanding}}{\text{Rates collectable}}$  |

**19. TRUST FUNDS**

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

|                                 | Balance<br>1-Jul-11<br>\$ | Amounts<br>Received<br>\$ | Amounts<br>Paid<br>(\$) | Balance<br>30-Jun-12<br>\$ |
|---------------------------------|---------------------------|---------------------------|-------------------------|----------------------------|
| Building Levy                   | 2,278                     | 0                         | 0                       | 2,278                      |
| Building Reigstration           | 283                       | 291                       | 0                       | 574                        |
| Hall Deposits                   | 600                       | 1,800                     | (1,500)                 | 900                        |
| Electricity Cards               | 5,070                     | 1,970                     | 0                       | 7,040                      |
| Demolition Deposits             | 1,000                     | 0                         | 0                       | 1,000                      |
| Norseman Sport & Rec Federation | 0                         | 35,409                    | 0                       | 35,409                     |
| LGMA Goldfields Branch          | 0                         | 10,534                    | (1,324)                 | 9,210                      |
| Norseman Motorcycle Club        | 0                         | 3,413                     | 0                       | 3,413                      |
| Nomintion Depsits               | 0                         | 320                       | (320)                   | 0                          |
| Excess Rates                    | 3,909                     | 2,873                     | (2,538)                 | 4,244                      |
| TPS App/Obj                     | 120                       | 0                         | 0                       | 120                        |
| NAPS Trsut                      | 1,823                     | 0                         | 0                       | 1,823                      |
| Pool Deposits                   | 60                        | 220                       | (180)                   | 100                        |
| Gym Key Deposits                | 1,800                     | 2,240                     | (1,140)                 | 2,900                      |
| Youth                           | 844                       | 30                        | 0                       | 874                        |
| Chamber of Commerce             | 2,650                     | 0                         | 0                       | 2,650                      |
| Christmans Festival             | 20                        | 285                       | (285)                   | 20                         |
| Bowling Club                    | 1,729                     | 0                         | 0                       | 1,729                      |
| Licencing                       | 2,867                     | 2,375                     | 0                       | 5,242                      |
| Tennis Key Deposit              | 1,040                     | 920                       | (1,800)                 | 160                        |
| Norseman Swimming Pool          | 567                       | 0                         | 0                       | 567                        |
| Library Deposits                | 154                       | 157                       | 0                       | 311                        |
| Cemetery Trust                  | 100                       | 0                         | 0                       | 100                        |
| Bank Interest                   | 5,225                     | 42                        | 0                       | 5,267                      |
|                                 | <u>32,139</u>             |                           |                         | <u>85,931</u>              |

**20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR**

The following assets were disposed of during the year.

|                                       | Net Book Value |              | Sale Price   |              | Profit (Loss) |              |
|---------------------------------------|----------------|--------------|--------------|--------------|---------------|--------------|
|                                       | Actual<br>\$   | Budget<br>\$ | Actual<br>\$ | Budget<br>\$ | Actual<br>\$  | Budget<br>\$ |
| <b>Governance</b>                     |                |              |              |              |               |              |
| DCEO Vehicle - 2010 Ford Falcon (680) | 8,633          | 11,572       | 16,364       | 12,000       | 7,731         | 428          |
| <b>Health</b>                         |                |              |              |              |               |              |
| Steel Safe                            | 0              | 0            | 150          | 0            | 150           | 0            |
| <b>Community Amenities</b>            |                |              |              |              |               |              |
| Rubbish Truck                         | 0              | 21,941       | 0            | 31,818       | 0             | 9,877        |
| <b>Recreation &amp; Culture</b>       |                |              |              |              |               |              |
| Diesel Kubota Mower                   | 4,622          | 11,232       | 2,000        | 7,000        | (2,622)       | (4,232)      |
| Petrol Kubota Mower                   | 9,169          | 5,482        | 5,250        | 3,500        | (3,919)       | (1,982)      |
| <b>Transport</b>                      |                |              |              |              |               |              |
| Town Supervisors Ute                  | 11,744         | 10,418       | 16,603       | 11,000       | 4,859         | 582          |
| Ranger/Project Officer Ute            | 0              | 13,551       | 0            | 18,000       | 0             | 4,449        |
| 2005 Hino Water Truck                 | 49,814         | 50,720       | 69,091       | 60,000       | 19,277        | 9,280        |
| <b>Other Property &amp; Services</b>  |                |              |              |              |               |              |
| Vacant Land Lot 622 Mildura St        | 8,000          | 0            | 8,960        | 0            | 960           | 0            |
|                                       | 91,982         | 124,916      | 118,418      | 143,318      | 26,436        | 18,402       |



**21. INFORMATION ON BORROWINGS**

## (a) Debenture Repayments

| Particulars             | Principal<br>1-Jul-11<br>\$ | New<br>Loans<br>\$ | Principal<br>Repayments |              | Principal<br>30-Jun-12 |              | Interest<br>Repayments |              |
|-------------------------|-----------------------------|--------------------|-------------------------|--------------|------------------------|--------------|------------------------|--------------|
|                         |                             |                    | Actual<br>\$            | Budget<br>\$ | Actual<br>\$           | Budget<br>\$ | Actual<br>\$           | Budget<br>\$ |
| <b>Governance</b>       |                             |                    |                         |              |                        |              |                        |              |
| Administration Building | 80 101,310                  | 0                  | 34,904                  | 35,904       | 66,406                 | 65,406       | 4,970                  | 5,392        |
|                         | 101,310                     | 0                  | 34,904                  | 35,904       | 66,406                 | 65,406       | 4,970                  | 5,392        |

All loan repayments were financed by general purpose revenue.

## (b) New Debentures - 2011/12

Council did not take out any new debentures in 2011/12.

## (c) Unspent Debentures

Council had no unspent debenture funds as at 30th June 2012.

## (d) Overdraft

Council did not utilise an overdraft facility in 2011/12.

22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

| RATE TYPE                           | Rate in \$        | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|-------------------------------------|-------------------|----------------------|-------------------|-----------------|------------------|---------------|------------------|------------------------|------------------------|---------------------|-------------------------|
| <b>Differential General Rate</b>    |                   |                      |                   |                 |                  |               |                  |                        |                        |                     |                         |
| GRV- Townsite                       | 0.116273          | 547                  | 4,161,134         | 483,828         | 0                | 0             | 483,828          | 483,828                | (30,000)               | 0                   | 453,828                 |
| GRV - Roadhouses                    | 0.160900          | 9                    | 876,720           | 141,064         | 0                | 0             | 141,064          | 141,064                | 0                      | 0                   | 141,064                 |
| GRV-Mining                          | 0.186818          | 3                    | 1,268,120         | 236,908         | 0                | 0             | 236,908          | 236,908                | 0                      | 0                   | 236,908                 |
| UV-Pastoral                         | 0.034118          | 15                   | 856,823           | 29,233          | 0                | 0             | 29,233           | 29,233                 | 0                      | 0                   | 29,233                  |
| UV-Mining Leases                    | 0.111337          | 127                  | 5,266,325         | 586,336         | 6,083            | 0             | 592,419          | 586,336                | 0                      | 0                   | 586,336                 |
| UV-Exploration Leases               | 0.111337          | 129                  | 1,703,744         | 189,690         | 0                | 0             | 189,690          | 189,690                | 0                      | 0                   | 189,690                 |
| UV-Gold Mining                      | 0.111337          | 1                    | 5,817             | 648             | 0                | 0             | 648              | 648                    | 0                      | 0                   | 648                     |
| <b>Sub-Totals</b>                   |                   | 831                  | 14,138,683        | 1,667,707       | 6,083            | 0             | 1,673,790        | 1,667,707              | (30,000)               | 0                   | 1,637,707               |
| <b>Minimum Rates</b>                | <b>Minimum \$</b> |                      |                   |                 |                  |               |                  |                        |                        |                     |                         |
| GRV- Townsite                       | 295.00            | 126                  | 100,033           | 37,170          | 0                | 0             | 37,170           | 37,170                 | 0                      | 0                   | 37,170                  |
| UV-Pastoral                         | 295.00            | 6                    | 20,526            | 1,770           | 0                | 0             | 1,770            | 1,770                  | 0                      | 0                   | 1,770                   |
| UV-Mining Leases                    | 295.00            | 45                   | 42,698            | 13,275          | 0                | 0             | 13,275           | 13,275                 | 0                      | 0                   | 13,275                  |
| UV-Exploration Leases               | 295.00            | 72                   | 76,261            | 21,240          | 0                | 0             | 21,240           | 21,240                 | 0                      | 0                   | 21,240                  |
| UV-Prospecting Leases               | 295.00            | 281                  | 455,482           | 82,895          | 0                | 0             | 82,895           | 82,895                 | 0                      | 0                   | 82,895                  |
| UV-Gold Mining Leases               | 295.00            | 1                    | 623               | 295             | 0                | 0             | 295              | 295                    | 0                      | 0                   | 295                     |
| <b>Sub-Totals</b>                   |                   | 531                  | 695,623           | 156,645         | 0                | 0             | 156,645          | 156,645                | 0                      | 0                   | 156,645                 |
| Specified Area Rate (refer note 23) |                   |                      |                   |                 |                  |               | 1,830,435        |                        |                        |                     | 1,794,352               |
|                                     |                   |                      |                   |                 |                  |               | 0                |                        |                        |                     | 0                       |
| Movement in Excess Rates            |                   |                      |                   |                 |                  |               | 1,830,435        |                        |                        |                     | 1,794,352               |
|                                     |                   |                      |                   |                 |                  |               | (146)            |                        |                        |                     | 0                       |
| Discounts (refer note 25)           |                   |                      |                   |                 |                  |               | 1,830,289        |                        |                        |                     | 1,794,352               |
|                                     |                   |                      |                   |                 |                  |               | 0                |                        |                        |                     | 0                       |
| <b>Totals</b>                       |                   |                      |                   |                 |                  |               | 1,830,289        |                        |                        |                     | 1,794,352               |

## 22. RATING INFORMATION - 2011/12 FINANCIAL YEAR (Continued)

## (b) Information on Surplus/(deficit) Brought Forward

|                                  | <u>2012</u><br>(30 June 2012 Carried Forward) | <u>2012</u><br>(1 July 2011 Brought Forward) | <u>2011</u><br>(30 June 2011 Carried Forward) |
|----------------------------------|---|--|---|
|                                  | \$  | \$   | \$  |
| <b>Surplus/(Deficit)</b>         | <b><u>1,018,734</u></b>                       | <b><u>1,031,705</u></b>                      | <b><u>1,031,705</u></b>                       |
| <b><u>Comprises:</u></b>         |   |  |   |
| Cash - Unrestricted              | 1,256,143                                     | 508,558                                      | 508,558                                       |
| Cash - Restricted                | 4,698,936                                     | 3,562,201                                    | 3,562,201                                     |
| Rates - Current                  | 275,622                                       | 197,930                                      | 197,930                                       |
| Provision for Doubtful Debts     | -45,000                                       | -60,000                                      | -60,000                                       |
| Sundry Debtors                   | 93,970  | 815,680                                      | 815,680                                       |
| Other Debtors                    | 99,946  | 90,932                                       | 90,932  |
| GST Receivable                   | 18,110  | 0  | 0   |
| Fuel Tax Credit                  | 1,890   | 1,359  | 1,359   |
| Accrued Interest on Investments  | 4,575   | 6,540  | 6,540   |
| Inventory                        | 10,875  | 11,508                                       | 11,508  |
|                                  | <u>6,415,067</u>                              | <u>5,134,708</u>                             | <u>5,134,708</u>                              |
| <b><u>Less:</u></b>              |   |  |   |
| Sundry Creditors                 | 362,826                                       | 194,750                                      | 194,750                                       |
| FESA Levy                        | 20,164  | 17,812                                       | 17,812  |
| GST Payable                      | 0   | 45,048                                       | 45,048  |
| PAYG Payable                     | 19,827  | 19,890                                       | 19,890  |
| FBT Payable                      | 8,323   | 2,986  | 2,986   |
| Accrued Interest on Debentures   | 801   | 1,222  | 1,222   |
| Accrued Salaries and Wages       | 49,363  | 33,926                                       | 33,926  |
| Provision for annual leave       | 122,897                                       | 135,740                                      | 135,740                                       |
| Provision for Long Service Leave | 113,196                                       | 89,428                                       | 89,428  |
|                                  | <u>697,397</u>                                | <u>540,802</u>                               | <u>540,802</u>                                |
|                                  | 4,698,936                                     | 3,562,201                                    | 3,562,201                                     |
| <b>Surplus/(Deficit)</b>         | <b><u>1,018,734</u></b>                       | <b><u>1,031,705</u></b>                      | <b><u>1,031,705</u></b>                       |

**Difference:**

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

**23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR**

No specified area rates were levied in 2011/12.

**24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR**

No service charges were levied in 2011/12.

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

No discount was offered for early rate payment. An incentive scheme was offered which consisted of three vouchers to the value of \$700, \$550 and \$250 for first, second and third respectively. To be eligible, ratepayers had to make payment within 14 days of the date of service as shown on the 2011/12 rates notice.

Council resolved (by absolute majority) during the reporting period to write off \$3,441 of outstanding rates. Each recommendation made to write off rates is assessed on a case by case basis.

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

|                              | Interest<br>Rate<br>% | Admin.<br>Charge<br>\$ | Revenue<br>\$ | Budgeted<br>Revenue<br>\$ |
|------------------------------|-----------------------|------------------------|---------------|---------------------------|
| Interest on Unpaid Rates     | 11.00%                | N/A                    | 37,336        | 18,000                    |
| Interest on Instalments Plan | 5.50%                 | N/A                    | 6,487         | 10,750                    |
| Charges on Instalment Plan   | N/A                   | \$7.50                 | 5,929         | 9,000                     |
|                              |                       |                        | 49,752        | 37,750                    |

Ratepayers had the option of paying rates in four equal instalments, due on 30th August 2011, 25th October 2011, 6th December 2012, and 20th March 2012. Administration charges and interest applied for the final three instalments.

| <b>27. FEES &amp; CHARGES</b> | <b>2012</b><br>\$ | <b>2011</b><br>\$ |
|-------------------------------|-------------------|-------------------|
| Governance                    | 20,834            | 19,939            |
| General Purpose Funding       | 6,849             | 8,580             |
| Law, Order, Public Safety     | 4,830             | 3,723             |
| Health                        | 3,916             | 4,251             |
| Housing                       | 18,641            | 22,666            |
| Community Amenities           | 124,058           | 112,898           |
| Recreation & Culture          | 16,226            | 14,104            |
| Economic Services             | 11,743            | 26,229            |
| Other Property & Services     | 47,694            | 43,631            |
|                               | <u>254,791</u>    | <u>256,021</u>    |

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

**28. GRANT REVENUE**

|  | 2012 | 2011 |
|--|------|------|
|  | \$   | \$   |

**By Nature and Type:**

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Grants and Subsidies - operating     | 2,270,399        | 1,837,367        |
| Grants and Subsidies - non-operating | 1,222,338        | 1,010,968        |
|                                      | <u>3,492,737</u> | <u>2,848,335</u> |

**By Program:**

|                           |                  |                  |
|---------------------------|------------------|------------------|
| General Purpose Funding   | 1,274,004        | 1,427,314        |
| Governance                | 117,696          | 41,213           |
| Law, Order & Safety       | 74,483           | 28,453           |
| Health                    | 83,883           | 0                |
| Education and Welfare     | 10,738           | 134,859          |
| Community Amenities       | 840              | 30,190           |
| Recreation and Culture    | 43,010           | 22,376           |
| Transport                 | 1,785,612        | 1,072,037        |
| Economic Services         | 74,053           | 71,206           |
| Other Property & Services | 28,418           | 20,687           |
|                           | <u>3,492,737</u> | <u>2,848,335</u> |

**29. COUNCILLORS' REMUNERATION**

|  | 2012 | 2012   | 2011 |
|--|------|--------|------|
|  | \$   | Budget | \$   |
|  |      | \$     |      |

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

|                              |               |               |               |
|------------------------------|---------------|---------------|---------------|
| Meeting Fees                 | 12,320        | 12,740        | 11,703        |
| President's Allowance        | 2,800         | 2,800         | 2,800         |
| Deputy President's Allowance | 700           | 700           | 700           |
| Travelling Expenses          | 14,870        | 20,024        | 12,950        |
| Telecommunications Allowance | 0             | 100           | 0             |
|                              | <u>30,690</u> | <u>36,364</u> | <u>28,153</u> |

**30. EMPLOYEE NUMBERS**

|  | 2012 | 2011 |
|--|------|------|
|--|------|------|

The number of full-time equivalent employees at balance date

|  |           |           |
|--|-----------|-----------|
|  | <u>23</u> | <u>23</u> |
|--|-----------|-----------|

**31. MAJOR LAND TRANSACTIONS**

Council did not participate in any major land transactions during the 2011/12 financial year.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

### 33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

|                              | Carrying Value   |                  | Fair Value       |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | 2012<br>\$       | 2011<br>\$       | 2012<br>\$       | 2011<br>\$       |
| <b>Financial Assets</b>      |                  |                  |                  |                  |
| Cash and cash equivalents    | 5,955,079        | 4,070,759        | 5,955,079        | 4,070,759        |
| Receivables                  | 466,230          | 1,064,061        | 466,230          | 1,064,061        |
|                              | <u>6,421,309</u> | <u>5,134,820</u> | <u>6,421,309</u> | <u>5,134,820</u> |
| <b>Financial Liabilities</b> |                  |                  |                  |                  |
| Payables                     | 461,304          | 315,634          | 461,304          | 315,634          |
| Borrowings                   | 66,406           | 101,310          | 63,222           | 95,846           |
|                              | <u>527,710</u>   | <u>416,944</u>   | <u>524,526</u>   | <u>411,480</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.

**33. 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 portfolio. Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is 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 only investing its funds with recognised Australian banks.

|  | <b>30-Jun-12</b> | <b>30-Jun-11</b> |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| Impact of a 1% (*) movement in interest rates on cash and investments: |                  |                  |
| - Equity   | 51,790           | 40,769           |
| - Income Statement   | 51,790           | 40,769           |

**Notes:**

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

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



**33. FINANCIAL RISK MANAGEMENT (Continued)****(b) Receivables**

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

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

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

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

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

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

|  | <b>30-Jun-12</b> | <b>30-Jun-11</b> |
|--|------------------|------------------|
| Percentage of Rates and Annual Charges |                  |                  |
| - Current                              | 0.00%            | 0.00%            |
| - Overdue                              | 100.00%          | 100.00%          |
| Percentage of Other Receivables        |                  |                  |
| - Current                              | 49.47%           | 90.14%           |
| - Overdue                              | 50.53%           | 9.86%            |

## 33. FINANCIAL RISK MANAGEMENT (Continued)

## (c) Payables

## Borrowings

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

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

|                    | Due<br>within<br>1 year<br>\$ | Due<br>between<br>1 & 5 years<br>\$ | Due<br>after<br>5 years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>values<br>\$ |
|--------------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| <b><u>2012</u></b> |                               |                                     |                               |  |                          |
| Payables           | 461,304                       | 0                                   | 0                             | 461,304                                  | 461,304                  |
| Borrowings         | 40,296                        | 30,222                              | 0                             | 70,518                                   | 66,406                   |
|                    | <u>501,600</u>                | <u>30,222</u>                       | <u>0</u>                      | <u>531,822</u>                           | <u>527,710</u>           |
| <b><u>2011</u></b> |                               |                                     |                               |  |                          |
| Payables           | 315,634                       | 0                                   | 0                             | 315,634                                  | 315,634                  |
| Borrowings         | 40,296                        | 70,518                              | 0                             | 110,814                                  | 101,310                  |
|                    | <u>355,930</u>                | <u>70,518</u>                       | <u>0</u>                      | <u>426,448</u>                           | <u>416,944</u>           |

**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Borrowings (Continued)**

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

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

|   | <1 year | >1<2 years | >2<3 years | >3<4 years | >4<5 years | >5 years | Total   | Weighted<br>Average<br>Effective<br>Interest Rate |
|---|---------|------------|------------|------------|------------|----------|---------|---|
| <u>Year Ended 30 June 2012</u>              | \$      | \$         | \$         | \$         | \$         | \$       | \$      | %   |
| <b>Borrowings</b>                           |         |            |            |            |            |          |         |   |
| <b>Fixed Rate</b>                           |         |            |            |            |            |          |         |   |
| Debentures                                  | 0       | 66,406     |            | 0          | 0          | 0        | 66,406  | 6.10%   |
| Weighted Average<br>Effective Interest Rate |         | 6.10%      |            |            |            |          |         |   |
| <u><b>Year Ended 30 June 2011</b></u>       |         |            |            |            |            |          |         |   |
| <b>Borrowings</b>                           |         |            |            |            |            |          |         |   |
| <b>Fixed Rate</b>                           |         |            |            |            |            |          |         |   |
| Debentures                                  | 0       | 0          | 101,310    | 0          | 0          | 0        | 101,310 | 6.10%   |
| Weighted Average<br>Effective Interest Rate |         |            | 6.10%      |            |            |          |         |   |