



Annual
Report
2012 – 2013

SHIRE OF MERREDIN

*Heart of the
Wheatbelt*



Shire of Merredin
PO Box 42
MERREDIN WA 6415
Email: admin@merredin.wa.gov.au
Web: www.merredin.wa.gov.au

Phone: (08) 9041 1611
Fax: (08) 9041 2379



Index

- Ø [Shire President's Report](#)
- Ø [Chief Executive Officer's Report](#)
- Ø [Plan for the Future](#)
- Ø [Overview of Activities](#)
- Ø [Local Laws and Council Policies](#)
- Ø [National Competition Policy](#)
- Ø [Freedom of Information](#)
- Ø [State Records Act](#)
- Ø [Disabilities Services Plan](#)
- Ø [Councillors Remuneration](#)
- Ø [Shire Community Facilities](#)
- Ø [Governance](#)
- Ø [Financial Statements](#)
- Ø [Auditor's Report](#)

The Shire of Merredin covers an area of 3,372sq kms, incorporating the townsites of Burracoppin, Muntadgin, Hines Hill and the localities of Goomarin, Korbel, Nangeenan, Nokanning, Norpa, Nukarni, South Burracoppin, and Tandegin.





Cr Ken Hooper

Shire President

Shire President's Report

Local Government has always offered its own set of challenges and the 2012-13 year has certainly been no exception. After the resignation of Councillor and President, Donna Crook in June 2013 I was elected to the position of Shire President. I would like to take this opportunity to thank Councillor Crook for the time and effort she gave to Council and the community.

June also saw the resignation of Deputy President Martin Morris and the election of Councillor Mark Crees. Acknowledgement also goes to Martin for his contribution.

Perhaps one of the most significant projects from a governance perspective was the conclusion of the Integrated Planning and Reporting (IPR) suite which was presented to and endorsed by Council in June 2013.

After significant community consultation and workshopping, the Strategic Community Plan (SCP) was adopted by Council in September 2012. During the months that followed, Council further developed the remaining suite of documents which included the Corporate Business Plan (CBP), Asset Management Plan (AMP), Workforce Plan (WP) and the Long Term Financial Plan (LTFP). The final adoption of the entire suite was achieved on 27 June 2013 and acknowledgment should be made of the time and effort which went into this by staff in conjunction with consultants.

Throughout this process it became evident that inadequate provision has been made to provide for maintenance and renewals of the various assets currently owned and operated by Council and that there are impediments for Council such as an aging external workforce, staff retention issues and various skills shortages. A further challenge is in meeting regional obligations such as developing partnerships with our immediate neighbours and strategic partners, to enhance arrangements already in place and to collaborate further on issues such as aged care and accommodation, economic development and infrastructure projects. Changes which are also becoming evident post state elections, is the possibility of departmental restructuring which may impact on traditional funding streams and Council's financial capacity.

Despite the local challenges, Council has made progress with regional projects and objectives. Through WE-ROC, Merredin has been project managing the construction of new houses in Kellerberrin (1), Bruce Rock (1) and Merredin (2) and completion is expected in early 2014. Following on from the Regional and Remote Area Economic Training Program (RRATP) held in Merredin in October 2012, Merredin joined it's WE-ROC counterparts in the formation of an Economic Development Committee with a number of meetings taking place since its inception. The committee



has since attracted the interest of the Wheatbelt Development Commission (WDC) which will be joining in future meetings to collaborate on regional issues.

WEROC in conjunction with WDC commissioned a report on Aged Care and Accommodation throughout the region and the report was presented in April 2013. It highlighted a range of issues surrounding the lack of facilities and services available to the aged and progress is ongoing in this area.

In March 2013 the construction of a synthetic playing surface at Merredin Regional Community and Leisure Centre was completed at a cost of approximately \$1.7 million. The surface will be utilised by hockey and tennis clubs and was funded by Councils Royalties for Regions grant allocation over three years.

Looking forward Council will continue to engage locally and regionally, taking on board the communities ever changing needs and working within the funding constraints of dwindling grant allocations.

On behalf of councillors, I would like to take this opportunity to thank the CEO and staff for their continued dedication to Merredin, and the community for its support and I look forward to further progress in the coming year.

Cr Ken Hooper
Shire President



MRC&LC Synthetic Surface

*Construction of the
synthetic playing surface
concluded in March 2013.*





Greg Powell

Chief Executive Officer

Chief Executive Officer's Report

As mentioned by the Shire President, a key element of the 2012/13 year has been the implementation of the IPR framework. All components of the Framework have been finalised and adopted. There has been a considerable effort by staff who, assisted by expert consultants and with funding provided by the State Government have adopted a range of strategies across Council's operations. The next challenge will be to embed these strategies into the way in which Council undertakes its daily activities. This will require ongoing assistance from consultants and additional staff resources. As stated in last year's Annual Report, the cost of the new framework will remain problematic. Unfortunately, there will be little if any financial assistance from the State Government and this cost will be met by the ratepayer. It is anticipated that a thorough review of Council's facilities and operations may reduce costs in certain areas.

The longer term outcomes will be a more strategic way in which Council allocates resources and will ensure that decisions are in line with community expectations but it will be an ongoing challenge to ensure that requirements are met with scarce resources both financial and staff.

A number of projects were completed in the year under review and most notable was the construction of a synthetic playing surface for both hockey and tennis. This addition to the MRC&LC provides a first class facility for not only Merredin but the region and its advantages both to the sports themselves and the Rec Centre as a community hub on both a sporting and social level will be welcomed. Extensive upgrades to some roads and particularly the Merredin-Narembeen Road have been undertaken with funding from the grain network programme provided through the auspices of Main Roads WA. Although the funding is welcome it does not address the entire grain freight network and some roads may attract heavy traffic in the future that are not fit for the task. This will impact directly on ratepayers. Council has been fortunate to attract Royalties for Regions regional funding allowing it to construct two new houses in Merredin. It is hoped that further funding can be found in the future to allow additional high quality new houses to be built in the town.

Merredin continues to work at a regional level on a range of issues including aged care, housing, waste management and economic development. Although yet to provide any substantial outcomes the planning now being undertaken should bear fruit for the benefit of the region in the future. It is anticipated that sound regional business cases will attract both Commonwealth and State funding albeit it would appear that some sources of funding will be competitive given emerging fiscal constraints.



Although we live in challenging times I am positive that Merredin will continue to prosper as the regional centre of the eastern Wheatbelt. With dedicated staff, a committed Council and a participatory community the Shire of Merredin will have a bright future and I thank the assistance of all in achieving what we have so far.

Greg Powell
Chief Executive Officer



Plan for the Future



Council's Strategic Community Plan is our plan for the future for the Shire of Merredin. The many Strategies and Actions detailed show how Council intends to achieve its goals in three Key Result Areas:

- **Community** A Great Place for People: our goal is to develop a united and sustainable community by working collaboratively;
- **Economy** A Vibrant Economy: our goal is to be a prosperous, sustainable and a beautiful regional centre; and
- **Environment** A Sustainable Environment: our goal is to secure a cleaner and safer environment for future generations, through collective responsibility for the protection and management of our built and natural environment.

Vision

Council has adopted the following vision for the community:

To be a vibrant regional centre offering a comprehensive range of regional services which improve the quality of life of the people within the Shire and Central Wheatbelt.

Mission

Council has adopted the following mission statement:

To work with all communities in the Central Wheatbelt to support social and economic development.

Values

The Shire operates, at all times, under the following values:

Integrity

Act in an honest, open and accountable manner in all of our activities, ensuring they are equitable and socially just.

Participation

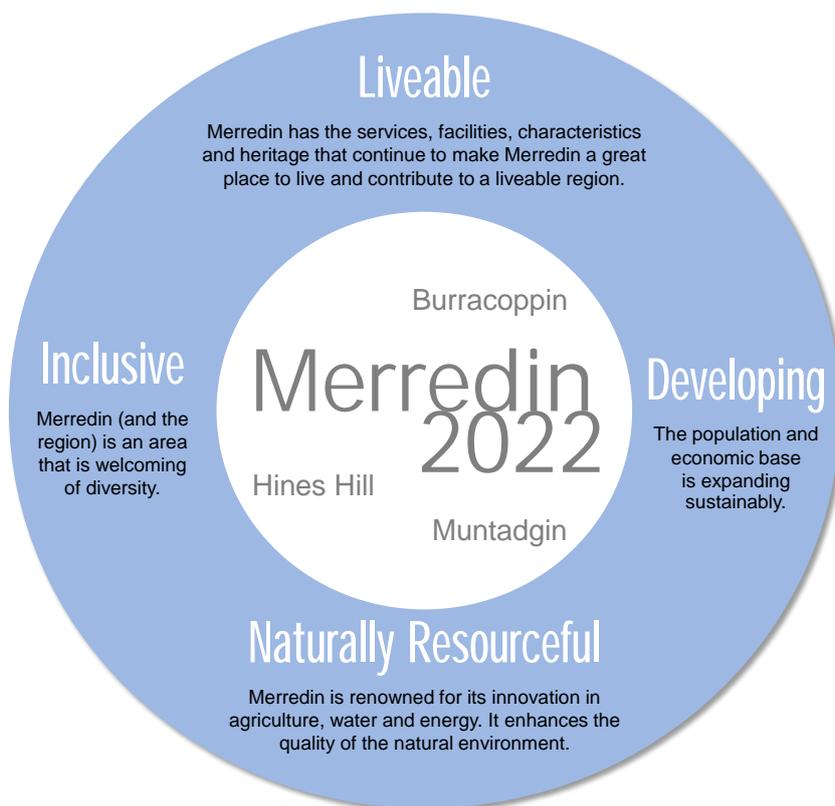
Provide genuine opportunities for informed community participation in decision making in a framework of local democracy.

Service

Be sensitive and responsive to the needs and aspirations of our community and focusing on customer satisfaction and value for money in all our dealings.



Learning	Continue learning from training, our actions and experiences and continually seek better and more innovative ways of doing things.
Valuing People	Value the contribution that people inside and outside the organisation make to the achievement of the Shire's vision.
Commitment	Ensure our actions serve the people of Merredin and its long-term interests.
Sustainability	Have a global perspective and ensure our actions minimise the impact on the environment and the resources available for future generations.



Overview of Activities Proposed to Commence or Continue

Engineering Services

Road construction

Road maintenance

Drainage

Footpaths

Sign maintenance

Refuse facility

Merredin cemetery

Parks and gardens

Through Councils own resources (OR) and external funding from Roads to Recovery (R2R), State Blackspot, Grain Freight Network (GFN) and Regional Road Group (RRG), Council has continued with their commitment towards enhancing our roads, footpaths and drainage infrastructure within the Shire.

New playground equipment and shades were ordered at the end of the 2012/13 year for Apex Park and the grassed area opposite BP on Great Eastern Highway. When these are delivered they will be installed by the Town Maintenance Crew. Six new bin surrounds were placed along Barrack Street and this will be an ongoing project within the CBD.

The Barrack Street car park flooding issue was addressed and cleaned out with some additional pipe work and inspection boxes being laid. There is one problem area left which will be carried over to the next financial year. There is still a power pole through the drainage outside the visitors centre which requires relocating.

Councils Town Maintenance Crew have worked consistently during the year and have completed most of the program. The cricket wicket was excavated and new clay and turf have been laid, tank pad at the Recreation Centre was constructed ready for the three tanks to replace the oval dam, asbestos removed from Tamma Parkland car-park and gravel sheeted and, there have been issues with the reticulation in some areas that have had follow on effects.

Councils Road Construction Crew completed the construction program and also had to contend with the flooding in the southwest corner of the Shire boundaried by Coulahan, Bar and Goodier Roads with some repairs remaining. The main works carried out over the year were Merredin/Narembeen Road (GFN) Chandler/Merredin Road (RRG) and Gamenya Avenue (R2R2). All roads were reconstructed.

Councils Natural Resource Manager secured grants for projects in Town and around the Shire. Some of these were, three water tanks for reuse water for the town oval, trees for Merredin Peak trails, island rehabilitation and planting of trees in Roy Little Park Lake, Mallee Fowl signage at ten locations on rural roads and the funding for six hectares of trees at Cohn Creek.

Road Construction/Maintenance



Council Resources

Footpath Construction:

Coronation Street Construct and concrete 2.4 metres x 260 metres.

Hobbs Road Construct and concrete 2.4 metres x 240 metres.

Road Construction:

Old Nukarni Road Drainage and tree trimming 1Km section.

Flockart Road Batter clearing and drainage cleaning 2km section.

Coulahan Road Gravel sheeting and drainage cleaning 3.5Km section.

Barr Road Gravel sheeting and drainage cleaning 3Km section.

Road Maintenance:

General Maintenance \$779,150

Storm Damage \$87,809 (Council will recoup all costs from MRDWA when culverts are installed on Goodier Road)

Bitumen Patching \$16,007

Total cost of Councils OR \$1,099,378

Grain Freight Network

Merredin/Narembeen Road
Reconstruct shoulders, extend culverts and seal a 1 metre strip to both sides of the existing pavement to a width of 8 metres.

Total cost GFN \$546,502

(\$1,153,498 unspent and carried over to 2013/14 due to late commencement of project)

Regional Road Group

Chandler Road Concrete stabilise and seal 6Km x 7 metres.

Robertson Road Reseal 7Km (Bruce Rock Road to Great Eastern Hwy)

Total cost RRG \$720,130



Roads to Recovery 2

Gamenya Avenue	Concrete stabilise and seal 1Km x 7 metres
Farrar Parade	Reseal 620 metres
East Barrack Street intersections.	Reseal 400 metres in between asphalt sealed
Caw Street	Asphalt seal 640 metres.
Hunter Street	Repairs to drainage system.
Kitchener Road	Repairs to drainage system and footpath
	Total cost R2R \$445,244

State Black Spot Funding

Totadgin Hall Road:	Construction of Totadgin Hall Road was postponed to 2013/14 Due to the Water Corporation pipeline works being deferred.
	Total cost SBSF \$464,037



Carrington Way

There are only 2 blocks remaining for sale in this residential subdivision. These residential blocks are extremely good value with underground power and water, ready for deep-sewerage connection, Neeta-Screen fencing, bitumen road, street lighting and footpaths. The blocks range in size from 717m² to 1233m² and in the middle of the subdivision is the provision for a large public open space.

Whitfield Way Stage Two

The Shire proceeded with Stage Two of the Whitfield Way subdivision creating 12 special residential lots of between 4,768m² and 6,823m². The proposal included the construction of sealed access roads, provision of reticulated water, underground power and telecommunications services. The land was developed using funds from Council's Land Development Reserve and an allocation from the 2011/2012 Budget.

Lots within Whitfield Way Stage One were sold quickly and it was anticipated, given the level of interest already shown, that Stage Two would be just as readily received. This was not the case. The auction of the lots took place on 28 April 2012 however no sales were achieved. One lot has since sold but the interest that was initially expected has not eventuated. This has resulted in other land development projects and notably the unit development on South Avenue not proceeding.

Land Development

Land for sale



Planning and Development

Environmental health

Building surveying

Town planning

Ranger services

Building construction

Building maintenance

Local law administration

Cleaning

Planning Service:

Amendment No 1 to the Local Planning Scheme No 6 & Amendment No 2 to the Local Planning Scheme No. 6 have been approved and gazetted.

Amendment No 2 will permit the rezoning of land to allow for the construction of a new motel. The development proposed for the land is a new standalone Motel development.

During the year Council received and consented to 16 planning applications with an approximate value of one million dollars.

Building Service:

The new Building Act came into effect on the 2 April 2012. A committee has been working on changes and already there have been a number of amendments to the legislation to make it more workable.

Council provides a certification and approval service for uncertified class 1 and 10 applications. Buildings of Class 2 – 9 categories are required to be provided to local government certified by a consulting Building Surveyor.

During the previous year Council approved 48 building applications with a value of approximately two million dollars.

Environmental Health Service:

The reestablishment of a Shire of Merredin municipal, landfill and general waste information Collection Calender and Residential Tip Passes for the 2012/2013 period has been undertaken.

Council endorsed the implementation in July 2011 of a free (to food business, community groups and individuals) online, nationally accredited, food handlers/food safety training course. There has been a very good response with the course with 25 people receiving their certificates.

The adoption in February 2011 of the Shire of Merredin Food Act 2008 Policy underpins the requirements for safe food preparation and handling to the point of sale.



Ranger Service:

The Ranger Service provides services under MOU to 7 other Local Authorities referred to as the Central Wheatbelt Ranger Scheme which consists of the following Shires:

Shire of Merredin, Shire of South Corrigin, Shire of Bruce Rock, Shire of North Nungarin, Shire of Trayning, Shire of Koorda, Shire of Mukinbudin, Shire of Westonia and most likely from 1 July 2012 the Shire of Mount Marshall

The State Emergency Services - Merredin

The Merredin SES Volunteer Unit received a new Toyota Personal Carrier in mid July 2011.

Volunteer Bushfire Brigades

In preparation for the 2013 – 2014 bushfire seasons, all Volunteer bushfire Brigade Units preseason services were completed by the end of April 2013

Korbelka Volunteer Bushfire Brigade has unexpectedly received a new Isuzu 2.4 and delivery is expected soon. The Department of Emergency Fire Services need to conduct training for the internal cabin curtains that are fitted to this unit, over the next 12-18 months all Bushfire Units will be fitted with Flash over blankets, deluge systems and internal curtains, designed for added protection for our Volunteers.



Merredin
Central
Business
District

During 2008/2009 financial year Council engaged Consultants Urban Design Landscape Architects (UDLA) to undertake the Merredin CBD concept plan. The Plan not only focuses on the physical outcomes, it also demonstrates concern for the future commercial and community vision.

After extensive community consultation Council adopted the CBD Plan at its July 2009 meeting. The major features of the Plan are:

- The realignment of the car parks increasing their efficiency and the number of car parks available;
- The creation of a town square/piazza effect in the Railway Museum/Central Wheatbelt Visitor Centre and the junction of Bates and Barrack Street;
- The relocation of the Visitor Centre to create a town square/piazza effect, opening vistas from the town to the Railway Museum and from the Highway into town;
- The development of a heritage precinct adjacent to the Cummins Theatre;
- the commercial development of the Newfields Car park fronting Bates Street; and
- Landscaping works between Barrack Street and the remodelled car parking area.

The project is intended to be completed in 8 stages and initial cost estimates indicate the project to be in excess of \$6 million.

As at the commencement of the 2011/12 financial year, a drainage consultant completed an analysis and confirmed the drainage is adequate to cope with a 1 in 100 year flood. A feature survey has also been completed for the whole of the Central Business District so final design can now be progressed. An allocation of \$100,000.00 was made in the 2011/12 financial budget to move the project forward.



In March 2013 final drawings and project costings were adopted by Council. The final design shows construction detail together with indicative project costings of around \$1.8 million.

Funding for this project has been included in the forward estimates. Council has been providing around \$100,000 over the last two years towards this project but it has essentially gone on technical investigations required to underpin more detailed planning. In order to fund an element of the CBD Plan of this magnitude significant additional funding will need to be found.

Local Laws and Council Policies

The Local Government Act 1995 requires that all local government local laws must be reviewed within an eight year period. Pursuant to this, a number of local laws will be reviewed commencing in the 2012/13 financial year. Council will be required to make provision in that budget for the review to be undertaken.

Council has adopted a number of policies and reviews existing policies currently on an as required basis.

National Competition Policy

The Shire of Merredin has incorporated the principles and assessment of National Competition Policy into its practices and activities. The Shire continues to monitor Council policies and local laws for anti-competitive practices and does not believe to have undertaken activities that have been anti-competitive in nature.

Freedom of Information

The Western Australian Freedom of Information Act 1992 provides the public with the right to apply for access to documents held by the Shire. An applicant's right to access cannot be affected by their reason for wishing to obtain it, nor is there a need for an applicant to provide a reason as to why access is being sought.

Schedule 1 to the Act provides what information is exempt from the requirement to release documents to the public.

The Shire Administration received no such applications in the current reporting period.

State Records Act

The Shire of Merredin continued the consolidation of its adopted Record Keeping Plan, as required by the State Records Act 2000, by progressing better practice recordkeeping and compliance with the minimum requirements of State Records Commission (SRC) Standard 2: Recordkeeping Plans and SRC Standard 6: Outsourcing.



Future Objectives – Compliance with SRC Principle 6

The Shire has made a commitment to address the following matters within specific timeframes:

Under SRC Standard 2:

Principle Two

- Development of procedures for:
 - Systems Management;
 - Metadata Management; and
 - A Migration Strategy;
- Further development of procedures for Website Management; to include further records of amendments to the site, and capture of periodic snapshots as a permanent record;
- Evidence that the draft Policy and Procedures have been adopted by Council and implemented for use by all staff; and
- Examination of options regarding investment in and implementation of an electronic records system, if required.

Principle Four

- Confirmation that archival records currently stored in the offsite storage facility have been identified and relocated to more suitable storage which ensures greater protection for these records;
- Investigation of options for offsite storage of backup tapes, and any action taken;
- Outcome of consideration given to options for purpose built records storage, including any action taken;
- Development and implementation of a Vital Records program; and
- Development of a Disaster Management Plan, including strategies for recovery of hard copy records.

Principle Five

- Evidence that lists of records for transfer or destruction are authorised by the CEO.

Principle Six

- Confirmation that in-house training in records management has been delivered to all staff; and
- Outcome of consideration given to establishing an intranet site for the Shire, including any action taken to publish information relating to records management.

Under SRC Standard 6:

Inclusion of clauses addressing recordkeeping requirements in new and renewed contracts for outsourced functions.



Disability Services Plan

The Disability Services Amendment Act 1999 requires Council to report on its Disability Services Plan achievements within its Annual Report. The Shire of Merredin Disability Services Plan was adopted in 1995 and Revised in February 2001. In January 2007 Council adopted the *Disability Access and Inclusion Plan 2007-2012*.

Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis or have been fully implemented. Currently the Executive Manager of Development Services is responsible for the implementation of the principles and projects within the Plan. When Council is addressing the issue of accessibility to Council's facilities and functions it is aware that by providing better access for people with disabilities it is providing better access for the whole community. Work continues to improve footpaths and access ways around the townsite as part of recognising the Disability Services Plan.

Further information can be obtained by contacting the Executive Manager of Development Services.

Councillors' Remuneration

In the 2012/13 financial year the following remunerations were made to Councillors:

President (Including a Presidents Allowance):	\$9750.00
Deputy President (Including the D/Presidents Allowance):	\$5250.00
Councillors:	\$4000.00



Merredin Regional Library

The Merredin Regional

Library is the largest

library in the central

Wheatbelt

Shire Community Facilities

Merredin Regional Library has remained active throughout 2012/2013 with the completion and implementation of the Activity Plan covering 10 Councils including Bruce Rock, Kellerberrin, Mt Marshall, Mukinbudin, Narembeen, Nungarin, Trayning, Westonia and Yilgarn.

The Activity Plan outlines the services Merredin provides to our regional partners and includes staff training and workshops, onsite as well as remote support and assistance with library operations and lending.

Community and interagency collaboration endures as the Library continues to be supported with a number of activities and events such as,

- Participation in Little Learners at Merredin College
- Children's activities and story time (in the library)
- Changes to opening hours to coincide with the holding of the Merredin Markets.
- Launching of eBooks.
- The launching and recording of Tales of Times Past

"Tales of Times Past" in particular has consolidated community and regional participation as the program has been rolled out. As well as providing a social connection, the telling and recording of tales by the many participants has given a unique perspective and history across several generations from the youngest to the oldest members of the participating communities. The recording of these stories has seen these histories preserved for generations to come and once transferred to DVD, will become a valuable resource to the region.

The closing of the Education Department's Resource Centre saw the library become the grateful recipient of shelving and resources to the value of \$11,000. Subject to various fluctuations throughout the year, participation rates at the library remain steady. The introduction of eBooks has been well received with the library joining the state-wide subscription to the service giving greater choice to lenders.

Merredin Regional Library is looking forward to building on all of this and more in 2013/2014.



The Central Wheatbelt Visitors Centre (CWVC) has continued with an extensive and collaborative marketing and promotional campaign throughout 2012/13 which has seen the Wheatbelt featuring as a tourism destination.

Promotional material and appearances at trade shows and conferences has included;

- Cross Regional Famil with Goldfields Tourism Network
- Kings Park Wildflower Show
- Perth 4WD EXPO
- Perth Caravan and Camping Show
- NSW Caravan and Camping Show
- Local Government Wheatbelt Conference
- Australia's Golden Outback Holiday Planner
- Pioneers' Pathways Self Drive Trail
- Australia's Golden Outback Wheatbelt marketing campaigns
 - Sunday Times Travel Section
 - Weekend West Australian
- Creation of a Russell Goodrick DVD
- Eastern Wheatbelt WA – A Visitors' Guide first printed with Tourism WA funding in 2012 (annual publication)
- Wheatbelt Central Map & Guide (bi-annual publication)
- Merredin Map (3 yearly)

A co-operative regional approach has paid off and is evident by the increase number of enquiries for accommodation, destinations and increased sales in local products and crafts. Recognition for this hard work was afforded to our CWVC Manager as she became a finalist in the VCAWA Visitor Centre Manager "Golden I" Award. Congratulations goes to Robyn McCarthy in recognition for her accomplishments.

Contact numbers do tend to fluctuate seasonally however the continual updating of products and services such as displays at the centre and information on wheatbelttourism.com has seen the centre ensure it caters to a range of visitor preferences both face to face and online. The introduction of a monthly eNewsletter to the ROCs (Regional Organisation of Councils) has increased communications with the member Councils while the continuation of the monthly events list has seen an increase in the already extensive email list.

The wheatbelttourism.com website continues to improve with regular updates and the introduction of the Russell Goodrich DVD. In addition the Centre now displays a QRcode on the front door which can be scanned by smart/Iphones and links to the website.

*Central
Wheatbelt
Visitors Centre*



Cummins Theatre

*One of the oldest buildings
in the Shire of Merredin,
the Theatre has served as a
centre for performances,
meetings and social
functions for nearly 9*



Despite the range of success the Centre has seen, by far the biggest challenge remains the issue of staffing. Council made the decision that from 1 July 2013 the Centre will be closed on weekends for the foreseeable future while weekend staffing issues are addressed.

As can be seen previously, there is a significant amount of hours that goes into resourcing the Centre and Sundays have typically been covered by volunteer staff working extended hours, which have attracted the same training regime as paid staff. Unfortunately this has been difficult to maintain. Investigation of this is ongoing taking into account that current staffing levels need to be maintained while also adhering to leave entitlements.

The Cummins Theatre has undergone a significant operational review in the past 12 months ranging from staffing changes to restructuring the operations of the Theatres.

The aim of this was three fold; to raise the profile of the Theatre, increase audience participation and to generate a greater revenue stream.

After a change in management in September 2012 the new Manager set about building on the research and networking already commenced previously and brought a new perspective and experience to the Theatre. The addition of an Assistant Manager in March 2013 provided invaluable administrative support.

Cummins Theatre is bridging the gap between amateur and professional performances and events with local amateur productions being well received in comparison to many of the professional productions which tour to Merredin.

The Theatre continues to work in collaboration with community groups such as the Merredin Repertory Club and like many organisations in Merredin, relies heavily on a volunteer base to assist with events or productions by touring companies, running the bar/catering, or volunteering as technical or house staff. As an incentive to encourage volunteers, the Theatre is considering offering complimentary tickets to professional shows during the year, as well as special workshops specifically targeted to affiliate groups.



Despite the many impediments the Theatre has managed to create a new residency programs for international artists, local playwrights in partnership with Stages WA, and with Tino Films, a Scandinavian / Australian film production company, about having them film their project *Greenfield* here in Merredin over 3 ½ weeks beginning 15 July 2013.

The 8-part web-series will be incredible experience for the town, involving various parts of the community as extras, and will stimulate our town's economy and imagination for the duration of their shoot.

Progress has been made to launch a variety of ventures in 2014 including the appearance of Spare Parts Puppet Theatre (Fremantle), which is creating an original work entitled *Farm* inspired by stories and community engagement activities from community members, which will culminate in a world-premiere at the Cummins Theatre in September 2014.

Given that the typical cost of a professional touring show can be approximately \$5-6,000 there is an obvious need to increase the revenue at the Theatre. One such stream that was highlighted in the review was the bar use, and after the introduction of a change in the operational methodology it is anticipated this is one area that should generate income when in use.

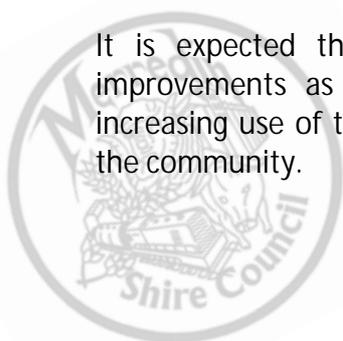
In the 2011/12 year approximately \$120,000 was spent on pool plant, equipment and replacing leaking pipe work which was adding significantly to the cost of operations.

In 2012/2013 Council added further value. After being awarded a grant allocation of approximately \$40,000 from the Department of Sport and Recreation, Council was able to complete upgrading of the ablutions and reroofing to the value of \$120,000.

After a 9 year break, Council welcomed the return of Manager John Simmonds who commenced at the Merredin Pool in October 2012. The pool has now been returned to a more manageable condition and the first season for the new manager went well with numbers for the season being 16,800. Although these numbers are down on previous years, it is anticipated that this will change under new management.

It is expected that Council will continue to value add to the improvements as funding permits and will look forward to the increasing use of this centre to meet the needs and expectations of the community.

Merredin District Olympic Swimming Pool



Governance

Councillors



Councillor
Ken Hooper
President
Expiry of Term:
15 October 2015



Councillor
Mark Crees
Deputy President
Expiry of Term:
15 October 2015



Councillor
Dionne
Hayes-Thompson
Expiry of Term:
15 October 2015



Councillor
Bradley Anderson
Expiry of Term:
15 October 2015



Councillor
Tracey McFarlane
Expiry of Term:
15 October 2015



Councillor
Donna Crook
Expiry of Term:
19 October 2013



Councillor
Martin Morris
Expiry of Term:
19 October 2013



Councillor
Wayne Wallace
Expiry of Term:
19 October 2013



Councillor
Debbie Morris
Expiry of Term:
19 October 2013



SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 52
Independent Audit Report	53 & 54
Supplementary Ratio Information	55

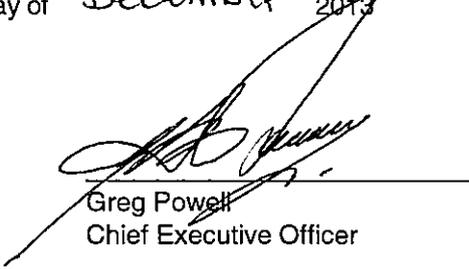
SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 5th day of December 2013


Greg Powell
Chief Executive Officer

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	22	3,074,288	3,081,147	2,728,395
Operating Grants, Subsidies and Contributions	28	2,494,671	1,465,094	2,914,153
Fees and Charges	27	3,766,166	4,011,257	2,700,973
Interest Earnings	2(a)	176,831	155,447	163,609
Other Revenue		222,380	1,590,233	147,890
		<u>9,734,336</u>	<u>10,303,178</u>	<u>8,655,020</u>
Expenses				
Employee Costs		(2,842,282)	(3,217,816)	(2,545,694)
Materials and Contracts		(2,915,364)	(3,910,528)	(2,884,865)
Utility Charges		(403,164)	(450,600)	(396,058)
Depreciation on Non-Current Assets	2(a)	(1,929,250)	(2,189,858)	(1,722,081)
Interest Expenses	2(a)	(67,256)	(63,926)	(73,157)
Insurance Expenses		(289,551)	(278,322)	(262,573)
Other Expenditure		(191,955)	(792,010)	(167,422)
		<u>(8,638,822)</u>	<u>(10,903,060)</u>	<u>(8,051,850)</u>
		1,095,514	(599,882)	603,170
Non-Operating Grants, Subsidies and Contributions				
	28	1,327,952	1,760,732	3,173,182
Profit on Asset Disposals	20	174,779	542,984	25,310
Loss on Asset Disposal	20	(87,869)	(11,058)	(42,733)
Net Result		2,510,376	1,692,776	3,758,929
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	53,784	0	0
Total Other Comprehensive Income		<u>53,784</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>2,564,160</u></u>	<u><u>1,692,776</u></u>	<u><u>3,758,929</u></u>

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

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		71,682	26,500	159,259
General Purpose Funding		5,369,880	4,238,851	5,378,835
Law, Order, Public Safety		260,905	209,790	202,529
Health		39,560	35,910	9,420
Education and Welfare		340	500	0
Housing		88,439	1,582,970	64,667
Community Amenities		507,469	551,698	505,881
Recreation and Culture		634,239	512,397	612,965
Transport		151,147	224,000	240,663
Economic Services		269,176	186,300	213,358
Other Property and Services		2,341,499	2,734,262	1,267,443
	2(a)	<u>9,734,336</u>	<u>10,303,178</u>	<u>8,655,020</u>
Expenses				
Governance		(615,437)	(610,171)	(541,527)
General Purpose Funding		(55,491)	(76,126)	(75,994)
Law, Order, Public Safety		(499,431)	(414,897)	(398,732)
Health		(204,603)	(219,768)	(195,263)
Education and Welfare		(15,228)	(17,898)	(18,554)
Housing		(154,909)	(248,734)	(155,714)
Community Amenities		(892,305)	(1,068,809)	(857,208)
Recreation and Culture		(2,321,831)	(2,622,767)	(2,294,589)
Transport		(2,126,431)	(2,110,289)	(2,057,611)
Economic Services		(783,870)	(832,795)	(824,990)
Other Property and Services		(902,030)	(2,616,880)	(558,511)
	2(a)	<u>(8,571,566)</u>	<u>(10,839,134)</u>	<u>(7,978,693)</u>
Finance Costs				
Governance		(66,844)	(63,480)	(35,199)
Health		0	0	(3,353)
Recreation and Culture		(412)	(446)	(29,016)
Economic Services		0	0	(5,589)
	2(a)	<u>(67,256)</u>	<u>(63,926)</u>	<u>(73,157)</u>
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		426,641	169,378	386,488
Community Amenities		10,000	0	823,559
Recreation & Culture		38,899	555,536	1,255,115
Transport		852,412	1,035,818	708,020
		<u>1,327,952</u>	<u>1,760,732</u>	<u>3,173,182</u>
Profit/(Loss) on Disposal of Assets				
Governance		(2,022)	6,422	(14,084)
Law, Order, Public Safety		22,835	(3,674)	(1,835)
Health		(5,836)	(1,202)	(14,408)
Community Amenities		49,029	482,375	5,012
Recreation & Culture		0	0	(4,681)
Transport		22,904	48,005	12,573
		<u>86,910</u>	<u>531,926</u>	<u>(17,423)</u>
Net Result		<u>2,510,376</u>	<u>1,692,776</u>	<u>3,758,929</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	53,784	0	0
Total Other Comprehensive Income		<u>53,784</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>2,564,160</u></u>	<u><u>1,692,776</u></u>	<u><u>3,758,929</u></u>

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

**SHIRE OF MERREDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,658,062	4,397,711
Trade and Other Receivables	4	663,753	722,495
Inventories	5	41,966	111,841
TOTAL CURRENT ASSETS		<u>4,363,781</u>	<u>5,232,047</u>
NON-CURRENT ASSETS			
Other Receivables	4	85,925	55,740
Inventories	5	1,091,500	1,160,145
Property, Plant and Equipment	6	17,463,880	15,330,775
Infrastructure	7	41,907,902	40,817,554
TOTAL NON-CURRENT ASSETS		<u>60,549,207</u>	<u>57,364,214</u>
TOTAL ASSETS		<u>64,912,988</u>	<u>62,596,261</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	428,047	647,549
Long Term Borrowings	9	112,508	105,977
Provisions	10	659,255	568,080
TOTAL CURRENT LIABILITIES		<u>1,199,810</u>	<u>1,321,606</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	905,773	1,018,282
Provisions	10	37,198	50,326
TOTAL NON-CURRENT LIABILITIES		<u>942,971</u>	<u>1,068,608</u>
TOTAL LIABILITIES		<u>2,142,781</u>	<u>2,390,214</u>
NET ASSETS		<u>62,770,207</u>	<u>60,206,047</u>
EQUITY			
Retained Surplus		61,583,966	59,009,130
Reserves - Cash Backed	11	1,132,457	1,196,917
Revaluation Surplus	12	53,784	0
TOTAL EQUITY		<u>62,770,207</u>	<u>60,206,047</u>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		54,766,590	1,680,528	0	56,447,118
Comprehensive Income					
Net Result		3,758,929	0	0	3,758,929
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		<u>3,758,929</u>	<u>0</u>	<u>0</u>	<u>3,758,929</u>
Reserve Transfers		483,611	(483,611)	0	0
Balance as at 30 June 2012		<u>59,009,130</u>	<u>1,196,917</u>	<u>0</u>	<u>60,206,047</u>
Comprehensive Income					
Net Result		2,510,376	0	0	2,510,376
Changes on Revaluation of Non-Current Assets	12	0	0	53,784	53,784
Total Comprehensive Income		<u>2,510,376</u>	<u>0</u>	<u>53,784</u>	<u>2,564,160</u>
Reserve Transfers		64,460	(64,460)	0	0
Balance as at 30 June 2013		<u><u>61,583,966</u></u>	<u><u>1,132,457</u></u>	<u><u>53,784</u></u>	<u><u>62,770,207</u></u>

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

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

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		3,041,368	3,512,544	2,647,339
Operating Grants, Subsidies and Contributions		2,580,955	1,465,094	2,924,974
Fees and Charges		3,766,166	4,011,257	2,700,973
Interest Earnings		176,831	155,447	163,609
Goods and Services Tax		692,250	0	625,220
Other Revenue		222,380	1,590,233	147,890
		<u>10,479,950</u>	<u>10,734,575</u>	<u>9,210,005</u>
Payments				
Employee Costs		(2,764,235)	(2,763,262)	(2,442,641)
Materials and Contracts		(3,172,187)	(3,838,971)	(3,232,262)
Utility Charges		(403,164)	(450,600)	(396,058)
Insurance Expenses		(289,551)	(278,322)	(262,573)
Interest expenses		(67,256)	(63,926)	(73,157)
Goods and Services Tax		(655,696)	0	(547,899)
Other Expenditure		(173,407)	(92,010)	(167,422)
		<u>(7,525,496)</u>	<u>(7,487,091)</u>	<u>(7,122,012)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,954,454</u>	<u>3,247,484</u>	<u>2,087,993</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(66,828)	0	(472,534)
Payments for Purchase of Property, Plant & Equipment		(3,496,252)	(4,895,228)	(2,096,694)
Payments for Construction of Infrastructure		(1,965,457)	(2,111,520)	(842,809)
Non-Operating Grants, Subsidies and Contributions		1,327,952	1,760,732	3,173,182
Proceeds from Sale of Plant & Equipment		610,253	724,000	201,094
Net Cash Provided By (Used In) Investing Activities		<u>(3,590,332)</u>	<u>(4,522,016)</u>	<u>(37,761)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(105,977)	(105,977)	(114,237)
Proceeds from Self Supporting Loans		2,206	2,087	2,087
Net Cash Provided By (Used In) Financing Activities		<u>(103,771)</u>	<u>(103,890)</u>	<u>(112,150)</u>
Net Increase (Decrease) in Cash Held		<u>(739,649)</u>	<u>(1,378,422)</u>	<u>1,938,082</u>
Cash at Beginning of Year		4,397,711	3,086,391	2,459,629
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>3,658,062</u></u>	<u><u>1,707,969</u></u>	<u><u>4,397,711</u></u>

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

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

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		73,659	39,105	162,557
General Purpose Funding		2,295,592	1,157,704	2,650,440
Law, Order, Public Safety		715,123	209,790	589,017
Health		39,560	35,910	9,421
Education and Welfare		340	500	0
Housing		88,439	1,582,970	64,667
Community Amenities		576,316	1,034,073	1,334,452
Recreation and Culture		673,138	512,397	1,868,080
Transport		1,089,937	272,004	948,683
Economic Services		269,175	186,300	213,358
Other Property and Services		2,341,500	2,734,262	1,284,442
		<u>8,162,779</u>	<u>7,765,015</u>	<u>9,125,117</u>
Expenses				
Governance		(686,281)	(679,833)	(594,108)
General Purpose Funding		(55,491)	(76,126)	(75,994)
Law, Order, Public Safety		(504,173)	(418,571)	(400,567)
Health		(210,439)	(220,969)	(213,025)
Education and Welfare		(15,228)	(17,898)	(18,554)
Housing		(154,909)	(248,734)	(155,714)
Community Amenities		(902,123)	(1,068,809)	(857,207)
Recreation and Culture		(2,322,244)	(2,623,214)	(2,328,286)
Transport		(2,189,905)	(2,110,289)	(2,045,038)
Economic Services		(783,870)	(832,795)	(830,579)
Other Property and Services		(902,031)	(2,616,881)	(575,511)
		<u>(8,726,694)</u>	<u>(10,914,119)</u>	<u>(8,094,583)</u>
Net Result Excluding Rates		(563,915)	(3,149,104)	1,030,534
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	(86,910)	(531,926)	17,423
Decrease in Fair Valuation of Furniture and Equipment		18,548	0	0
Movement in Deferred Pensioner Rates (Non-Current)		(32,518)	0	0
Movement in Employee Benefit Provisions (Non-Current)		(13,128)	0	21,370
Depreciation and Amortisation on Assets	2(a)	1,929,250	2,189,858	1,722,081
Capital Expenditure and Revenue				
Grants/contributions Asset Development		0	1,760,732	0
Purchase Land Held for Resale		(66,828)	0	(472,534)
Purchase Land and Buildings		(2,053,503)	(3,635,800)	(1,139,030)
Purchase Infrastructure Assets - Roads		(1,832,797)	(1,886,151)	(811,527)
Purchase Infrastructure Assets - Parks		(22,169)	(133,534)	(14,071)
Purchase Infrastructure Assets - Footpaths		(105,112)	(91,835)	(17,211)
Purchase Infrastructure Assets - Drains		(5,379)	0	0
Purchase Plant and Equipment		(1,407,956)	(1,182,278)	(871,142)
Purchase Furniture and Equipment		(34,793)	(77,150)	(86,522)
Proceeds from Disposal of Assets	20	610,253	724,000	201,094
Repayment of Debentures	21	(105,977)	(105,977)	(114,237)
Self-Supporting Loan Principal Income		2,206	2,087	2,087
Transfers to Reserves (Restricted Assets)	11	(112,240)	(591,050)	(59,065)
Transfers from Reserves (Restricted Assets)	11	176,700	230,000	542,676
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	2,773,670	3,396,981	93,349
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	2,141,690	0	2,773,670
Total Amount Raised from General Rates	22(a)	<u>(3,074,288)</u>	<u>(3,081,147)</u>	<u>(2,728,395)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax (GST)

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land 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.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

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

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

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

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

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

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

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

Land Under Control

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

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

Revaluation

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

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

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

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

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

Early Adoption of AASB 13 - Fair Value Measurement

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

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

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

Land under Roads

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

Capitalisation Threshold

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

(h) Intangible Assets

Easements

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

They are initially recognised at cost and have an indefinite useful life. As at 30 June 2013 the Shire of Merredin did not have any Easements.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

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

(j) Impairment

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

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

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

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

(k) Trade and Other Payables

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

(l) Employee Benefits

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

(m) Borrowing Costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

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

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

(o) Leases

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

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

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

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

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

(p) Investments in Associates

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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

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.

(r) Superannuation

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

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Comparative Figures

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

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

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 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.
AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9	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).
[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

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

2. REVENUE AND EXPENSES	2013	2012	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit of the financial report	19,000	18,000	
- Other financial services	3,569	0	
- Financial Management Review	0	11,746	
	<u>19,569</u>	<u>29,746</u>	
Depreciation			
Buildings	352,285	340,030	
Furniture and Equipment	64,572	47,304	
Plant and Equipment	584,506	507,915	
Roads	807,277	710,514	
Footpaths	24,666	23,649	
Drainage	19,628	19,616	
Parks & Ovals	76,316	73,053	
	<u>1,929,250</u>	<u>1,722,081</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21(a)</i>)	67,256	73,157	
	<u>67,256</u>	<u>73,157</u>	
Rental Charges			
- Operating Leases	30,419	33,058	
	<u>30,419</u>	<u>33,058</u>	
(ii) Crediting as Revenue:			
	2013	2013	2012
	\$	Budget	\$
		\$	
Interest Earnings			
Investments			
- Reserve Funds	43,278	50,000	28,643
- Other Funds	81,959	50,000	88,242
Other Interest Revenue (<i>refer note 26</i>)	51,594	55,447	46,724
	<u>176,831</u>	<u>155,447</u>	<u>163,609</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community.

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

HEALTH

Objective: To provide an operational framework for good community health.

Activities: Food quality and pest control, inspection of abattoir and support of child health services.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas.

Activities: Support day care centres and pre school facilities and assistance to senior citizens and retirement villages and other voluntary services.

HOUSING

Objective: To provide subsidised housing to promote youth employment in Merredin.

Activities: Maintenance and rentals of single persons units and other housing.

COMMUNITY AMENITIES

Objective: Provide sanitary and essential services required by the community.

Activities: Refuse collection services, operation of refuse sites, administration of town planning scheme, cemetery services and maintenance, environmental services, urban stormwater drainage, women's rest centre and other development services.

RECREATION AND CULTURE

Objective: To establish and maintain efficiently infrastructure and resources which will help the social well being of the community.

Activities: Maintenance of halls, aquatic centre, recreation centre and reserves, parks and gardens, regional library service, cultural and heritage services and facilities.

TRANSPORT

Objective: To provide effective and efficient transport services to the community.

Activities: Maintenance of streets, roads, footpaths, street lighting and cleaning, parking areas, transport licensing services on behalf of the Department of Transport.

ECONOMIC SERVICES

Objective: To help promote the Shire and improve its economic well being and provide medical services or assistance to the community.

Activities: Noxious weed control, tourism and area promotion, community development and coordination, building control and services, activities related to medical locum and other economic services.

OTHER PROPERTY AND SERVICES

Objective: To provide effective public and private works operations and ensure plant maintenance occurs as required.

Activities: Private works operations, public works operation, plant operation costs, gross salaries and wages.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance (*) 1-Jul-11 \$</u>	<u>Received (+) 2011/12 \$</u>	<u>Expended (#) 2011/12 \$</u>	<u>Closing Balance (*) 30-Jun-12 \$</u>	<u>Received (+) 2012/13 \$</u>	<u>Expended (#) 2012/13 \$</u>	<u>Closing Balance 30-Jun-13 \$</u>
Roads to Recovery	Transport	0	353,504	(292,530)	60,974	367,379	(428,353)	0
Regional Road Group	Transport	0	354,516	(240,917)	113,599	485,033	(598,632)	0
WA Local Government Grants	Transport	0	839,173	(839,173)	0	664,862	(664,862)	0
WA Local Government Grants	General Purpose	0	1,628,926	(1,628,926)	0	322,842	(322,842)	0
Department of Agriculture	State Assistance Grant	0	0	0	0	10,000	0	10,000
Department of Conservation	WEROC - Waste Management	0	0	0	0	2,500	0	2,500
Department of Local Government	Cat Act - Sterilisation	0	0	0	0	25,000	0	25,000
Department of Local Government	Cat Act - Pound	0	0	0	0	75,000	0	75,000
Land Care	Community Planting	0	0	0	0	2,000	0	2,000
	Storm Water Reuse Project -							
Wheatbelt Natural Resource Management	Storage Conversion	0	0	0	0	5,760	0	5,760
State Natural Resource Management	Dam 4 Revegetation	0	0	0	0	10,000	0	10,000
Royalties for Regions	Community Amenities	7,230	0	(7,230)	0	0	0	0
Office of Crime and Prevention	Parks & Gardens	19,442	0	(19,442)	0	0	0	0
Department of Infrastructure	Community Amenities	19,000	0	(19,000)	0	0	0	0
Lottery West	Community Amenities	5,700	0	(5,700)	0	0	0	0
Turf Alliance	Recreation & Culture	1,818	19,097	0	20,915	4,160	(25,075)	0
Department of Local Government	Asset Management	0	70,000	(2,700)	67,300	0	(67,300)	0
Open Gardens Australia	Revegetate Roy Little Park	0	1,966	0	1,966	0	(1,966)	0
Department of Sport and Rec	Kids Sport Grant	0	64,000	(20,000)	44,000	0	(44,000)	0
Department of Agriculture	Dry Seasons Assistance	0	24,600	(17,858)	6,742	0	(6,742)	0
CLGF - Individual Allocation 10/11	Synthetic Sporting Surface	0	609,220	(96,759)	512,461	0	(512,461)	0
CLGF - Individual Allocation 11/12	Synthetic Sporting Surface	0	535,536	0	535,536	0	(535,536)	0
Total		53,190	4,500,538	(3,190,235)	1,363,493	1,974,536	(3,207,769)	130,260

Notes:

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

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

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

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

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Cash Unrestricted	12,165	5,190
Cash at Bank - Municipal Unrestricted	2,383,180	1,832,111
Cash at Bank - Municipal Restricted	130,260	1,363,493
Cash Backed Reserves - Restricted	1,132,457	1,196,917
	<u>3,658,062</u>	<u>4,397,711</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Employee Entitlement Reserve	253,332	244,373
Plant Replacement Reserve	268,399	258,908
Heritage Reserve	6,764	6,525
Land & Development Reserve	78,778	70,752
Disaster Relief Reserve	7,199	6,944
Building Reserve	148,606	262,871
Recreation Facilities Reserve	202,597	195,432
Road Reinstatement Reserve	23,534	22,702
Cummings Street Unit Reserve	46,661	35,237
Waste Management Reserve	39,361	37,969
Environmental Initiatives Reserve	57,226	55,204
	<u>1,132,457</u>	<u>1,196,917</u>
Other:		
Municipal Cash at Bank - Restricted :		
Unspent Grants (Refer to Note 2 (c))	130,260	1,363,493
	<u>130,260</u>	<u>1,363,493</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	307,546	274,626
Sundry Debtors	345,594	439,177
Less: Provision of Doubtful Debts)	(12,575)	(20,000)
Prepayments	20,856	26,486
Loans - Clubs/Institutions	2,332	2,206
	<u>663,753</u>	<u>722,495</u>
Non-Current		
Rates Outstanding - Pensioners	82,175	49,657
Loans - Clubs/Institutions	3,750	6,083
	<u>85,925</u>	<u>55,740</u>
5. INVENTORIES		
Current		
Fuel and Materials	41,966	68,216
Land Held for Resale - Cost	0	43,625
	<u>41,966</u>	<u>111,841</u>
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	552,138	687,611
Development Costs	539,362	472,534
	<u>1,091,500</u>	<u>1,160,145</u>

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

	2013	2012
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Land at Cost:		
- Freehold	388,087	388,087
- Reserves Vested in and under the control of Council	77,501	77,501
Total Land	465,588	465,588
Buildings at:		
- Cost	16,307,672	14,236,503
Less Accumulated Depreciation	(2,994,221)	(2,641,938)
	13,313,451	11,594,565
Total Land and Buildings	13,779,039	12,060,153
Furniture and Equipment - Independent Valuation 2013	266,131	0
Furniture and Equipment - Cost	0	818,115
Less Accumulated Depreciation	0	(500,415)
	266,131	317,700
Plant and Equipment - Independent Valuation 2013	3,418,710	0
Plant and Equipment - Cost	0	5,093,024
Less Accumulated Depreciation	0	(2,140,102)
	3,418,710	2,952,922
	17,463,880	15,330,775

Furniture and Equipment

The Shire of Merredin's Furniture and Equipment was revalued at 30 June 2013 by an independent valuer. Certain valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy) and certain valuations were made having regard for current replacement cost and residual values (cost based approach, which are Level 3 inputs in the fair value hierarchy). Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs. These Level 3 inputs are based on the assumptions with regard to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in an overall decrease of \$18,548 in the net value of the Shire's Furniture and Equipment. All of this decrease was recognised in the net result in the Statement of Comprehensive Income as other expenditure in Other Property and Services.

Plant and Equipment

The Shire of Merredin's Plant and Equipment was revalued at 30 June 2013 by an independent valuer. Certain valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy) and certain valuations were made having regard for current replacement cost and residual values (cost based approach, which are Level 3 inputs in the fair value hierarchy). Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs. These Level 3 inputs are based on the assumptions with regard to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in an overall increase of \$53,784 in the net value of the Shire's Plant and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer note 12) and was recognised as changes on Revaluation of the non current assets in the Statement of Comprehensive Income.

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land and Buildings \$	Plant and Equipment (Level 3) \$	Furniture and Equipment (Level 3) \$	Total \$
Balance as at the beginning of the year	12,060,153	2,952,922	317,700	15,330,775
Additions	2,053,503	1,407,956	34,793	3,496,252
(Disposals)	0	(411,446)	(3,242)	(414,688)
Revaluation - Increments	0	53,784		53,784
- (Decrements)	0	0	(18,548)	(18,548)
Reclassification from Land Held for Resale	70,446	0	0	70,446
Reclassification to Parks and Ovals	(52,778)	0	0	(52,778)
Depreciation (Expense)	(352,285)	(584,506)	(64,572)	(1,001,363)
Carrying amount at the end of year	<u>13,779,039</u>	<u>3,418,710</u>	<u>266,131</u>	<u>17,463,880</u>

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

	2013	2012
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	73,181,848	71,349,050
Less Accumulated Depreciation	<u>(33,059,911)</u>	<u>(32,252,633)</u>
	40,121,937	39,096,417
Footpaths - Cost	1,146,627	1,041,515
Less Accumulated Depreciation	<u>(461,093)</u>	<u>(436,427)</u>
	685,534	605,088
Drainage - Cost	928,017	922,638
Less Accumulated Depreciation	<u>(452,484)</u>	<u>(432,856)</u>
	475,533	489,782
Parks & Ovals - Cost	785,483	710,536
Less Accumulated Depreciation	<u>(160,585)</u>	<u>(84,269)</u>
	624,898	626,267
	<u>41,907,902</u>	<u>40,817,554</u>

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

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	<u>Roads</u> \$	<u>Footpaths</u> \$	<u>Drainage</u> \$	<u>Parks and Ovals</u> \$	<u>Total</u> \$
Balance at the beginning of the year	39,096,417	605,088	489,782	626,267	40,817,554
Additions	1,832,797	105,112	5,379	22,169	1,965,457
(Disposals)	0	0	0	0	0
Reclassification from Land and Buildings	0	0	0	52,778	52,778
Depreciation (Expense)	(807,277)	(24,666)	(19,628)	(76,316)	(927,887)
Carrying amount at the end of year	<u><u>40,121,937</u></u>	<u><u>685,534</u></u>	<u><u>475,533</u></u>	<u><u>624,898</u></u>	<u><u>41,907,902</u></u>

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

	2013	2012
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	218,612	592,523
GST Payable	28,741	18,536
PAYG Payable	36,921	0
Accrued Expenses	13,209	3,357
Accrued Interest on Debentures	3,501	3,713
Accrued Salaries and Wages	127,063	29,420
	<u>428,047</u>	<u>647,549</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge
 Debentures

	112,508	105,977
	<u>112,508</u>	<u>105,977</u>

Non-Current

Secured by Floating Charge
 Debentures

	905,773	1,018,282
	<u>905,773</u>	<u>1,018,282</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current	659,255	568,080
Non-Current	37,198	50,326
	<u>696,453</u>	<u>618,406</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	274,331	344,075	618,406
Additional provisions and Amounts Used	107,038	(28,991)	78,047
Balance at 30 June 2013	<u>381,369</u>	<u>315,084</u>	<u>696,453</u>

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

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Employee Entitlement Reserve			
Opening Balance	244,373	244,374	257,676
Amount Set Aside / Transfer to Reserve	8,959	10,208	8,749
Amount Used / Transfer from Reserve	0	0	(22,052)
	<u>253,332</u>	<u>254,582</u>	<u>244,373</u>
(b) Plant Replacement Reserve			
Opening Balance	258,908	258,908	250,000
Amount Set Aside / Transfer to Reserve	9,491	60,816	8,908
Amount Used / Transfer from Reserve	0	0	0
	<u>268,399</u>	<u>319,724</u>	<u>258,908</u>
(c) Heritage Reserve			
Opening Balance	6,525	6,524	6,300
Amount Set Aside / Transfer to Reserve	239	273	225
Amount Used / Transfer from Reserve	0	0	0
	<u>6,764</u>	<u>6,797</u>	<u>6,525</u>
(d) Building Reserve			
Opening Balance	262,871	262,871	303,802
Amount Set Aside / Transfer to Reserve	9,435	10,981	10,825
Amount Used / Transfer from Reserve	(123,700)	(230,000)	(51,756)
	<u>148,606</u>	<u>43,852</u>	<u>262,871</u>
(e) Land & Development Reserve			
Opening Balance	70,752	70,752	513,637
Amount Set Aside / Transfer to Reserve	61,026	482,956	18,293
Amount Used / Transfer from Reserve	(53,000)	0	(461,178)
	<u>78,778</u>	<u>553,708</u>	<u>70,752</u>
(f) Recreation Facilities Reserve			
Opening Balance	195,432	195,433	188,990
Amount Set Aside / Transfer to Reserve	7,165	8,164	6,442
Amount Used / Transfer from Reserve	0	0	0
	<u>202,597</u>	<u>203,597</u>	<u>195,432</u>
(g) Disaster Relief Reserve			
Opening Balance	6,944	6,945	6,707
Amount Set Aside / Transfer to Reserve	255	290	237
Amount Used / Transfer from Reserve	0	0	0
	<u>7,199</u>	<u>7,235</u>	<u>6,944</u>
(h) Road Reinstatement Reserve			
Opening Balance	22,702	22,702	21,921
Amount Set Aside / Transfer to Reserve	832	948	781
Amount Used / Transfer from Reserve	0	0	0
	<u>23,534</u>	<u>23,650</u>	<u>22,702</u>
(i) Cummings Street Unit Reserve			
Opening Balance	35,237	35,236	34,024
Amount Set Aside / Transfer to Reserve	11,424	12,522	1,213
Amount Used / Transfer from Reserve	0	0	0
	<u>46,661</u>	<u>47,758</u>	<u>35,237</u>
(j) Waste Management Reserve			
Opening Balance	37,969	37,969	36,663
Amount Set Aside / Transfer to Reserve	1,392	1,586	1,306
Amount Used / Transfer from Reserve	0	0	0
	<u>39,361</u>	<u>39,555</u>	<u>37,969</u>

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

11. RESERVES - CASH BACKED (continued)

(k) Environmental Initiatives Reserve			
Opening Balance	55,204	55,202	53,303
Amount Set Aside / Transfer to Reserve	2,022	2,306	1,901
Amount Used / Transfer from Reserve	0	0	0
	<u>57,226</u>	<u>57,508</u>	<u>55,204</u>
TOTAL CASH BACKED RESERVES	<u>1,132,457</u>	<u>1,557,966</u>	<u>1,196,917</u>

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

Employee Entitlement Reserve

- to be utilised to fund staff leave as required. Not anticipated to be used in a set period as further transfer to this reserve are expected as funds are utilised.

Plant Replacement Reserve

- to be utilised to fund future capital plant purchases. Tied into funding the 7 year Plant Replacement Program.

Heritage Reserve

- to be utilised to fund future extension works at Cummins Theatre. Not anticipated to be utilised in a definitive period as further deliberations are needed.

Building Reserve

- to be utilised to fund future building construction within the Shire of Merredin. Not anticipated to be utilised in a set period until further funds are made available to this reserve.

Land and Development Reserve

- to be utilised to fund major land development/purchases within the Shire of Merredin.

Recreation Facilities Reserve

- to be utilised to fund future extensions at Recreation Ground. Not anticipated to be fully utilised until a final decision on the new sports complex is made.

Disaster Relief Reserve

- to be utilised to contribute to liabilities arising from a natural disaster.

Road Reinstatement Reserve

- to be utilised for emergency repairs to road infrastructure. Not anticipated to be utilised in a set period.

Cummings Street Units Reserve

- to be utilised to fulfil maintenance and capital costs associated with Council owned units in Cummings Street, Merredin.

Waste Management Reserve

- to be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste.

Environmental Initiatives Reserve

- to be utilised for the research and development into initiatives designed to use the saline water below Merredin or similar type environmental projects.

12. RESERVES - ASSET REVALUATION

2013	2012
\$	\$

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

(a) Plant and Equipment

Opening Balance	0	0
Revaluation Increment	53,784	0
Revaluation Decrement	0	0
	<u>53,784</u>	<u>0</u>

TOTAL ASSET REVALUATION RESERVES	<u>53,784</u>	<u>0</u>
----------------------------------	---------------	----------

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>3,658,062</u>	<u>1,707,969</u>	<u>4,397,711</u>

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

Net Result	2,510,376	1,692,776	3,758,929
Depreciation	1,929,250	2,189,858	1,722,081
(Profit)/Loss on Sale of Asset	(86,910)	(531,926)	17,423
(Increase)/Decrease in Receivables	106,610	431,800	(35,955)
(Increase)/Decrease in Inventories	26,250	0	(12,771)
Increase/(Decrease) in Payables	(299,765)	771,154	(291,585)
Increase/(Decrease) in Employee Provisions	78,047	454,554	103,053
Grants/Contributions for the Development of Assets	(1,327,952)	(1,760,732)	(3,173,182)
Decrease in Fair Value of Furniture and Equipment	18,548	0	0
Net Cash from Operating Activities	<u>2,954,454</u>	<u>3,247,484</u>	<u>2,087,993</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	143,000	143,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	5,000
Credit Card Balance at Balance Date	(2,051)	(2,024)
Total Amount of Credit Unused	<u>150,949</u>	<u>145,976</u>

Loan Facilities

Loan Facilities - Current	112,508	105,977
Loan Facilities - Non-Current	905,773	1,018,282
Total Facilities in Use at Balance Date	<u>1,018,281</u>	<u>1,124,259</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
---	----------	----------

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

14. CONTINGENT LIABILITIES

The Shire of Merredin has no Contingent Liabilities as at 30 June 2013.

15. CAPITAL AND LEASING COMMITMENTS

	2013	2012
	\$	\$

(a) Operating Lease Commitments

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

Payable:

- not later than one year	30,003	30,003
- later than one year but not later than five years	35,763	35,763
- later than five years	0	0
	65,766	65,766

(b) Capital Expenditure Commitments

There are no capital expenditure projects outstanding at the end of the current reporting period.

16. JOINT VENTURE

The Shire of Merredin has no joint ventures at 30 June 2013.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,295,104	1,533,617
General Purpose Funding	32,920	0
Law, Order, Public Safety	741,974	512,053
Health	878,397	898,419
Education and Welfare	175,005	184,591
Housing	408,276	287,553
Community Amenities	2,438,408	2,428,402
Recreation and Culture	9,567,224	7,974,662
Transport	44,704,697	43,462,099
Economic Services	261,652	269,620
Other Property and Services	1,697,696	1,697,696
Unallocated	2,711,635	3,347,549
	64,912,988	62,596,261

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

18. FINANCIAL RATIOS	2013	2012	2011
Current Ratio	2.585	2.440	1.147
Asset Sustainability Ratio	1.810	1.049	2.128
Debt Service Cover Ratio	18.351	12.706	0.746
Operating Surplus Ratio	0.158	0.101	-0.087
Own Source Revenue Coverage Ratio	0.860	0.716	0.644

The above ratios are calculated as follows:

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

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 55 of this document.

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

19. TRUST FUNDS

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

	Balance 1-Jul-12	Amounts Received	Amounts Paid	Balance 30-Jun-13
	\$	\$	(\$)	\$
Community Bus Fund	1,312	0	0	1,312
Housing Bonds	9,440	0	(648)	8,792
Unclaimed Monies	389	0	(389)	0
Hall/Gym Bonds	3,205	5,500	(7,115)	1,590
SBS Transmitter	2,220	0	0	2,220
BCITF Levy	264	5,340	(5,454)	150
Overpayment of Rates	3,805	0	0	3,805
LCDC Tree Planter Fund	1,271	0	(1,271)	0
Other Bonds	6,853	0	0	6,853
Building Reg. Board Levy	321	3,952	(3,872)	401
Youth Advisory Council	154	0	0	154
Turf Alliance Fund	0	4,160	(4,160)	0
Skeleton Weed	2,519	0	(2,519)	0
Retention Money	20,463	7,620	(8,402)	19,681
	<u>52,216</u>			<u>44,958</u>

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

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
CEO - Statesman	40,296	37,770	42,273	46,500	1,977	8,730
CEO - Statesman	0	42,625	0	0	0	3,875
EMCCS Vehicle	0	24,698	0	21,000	0	(3,698)
Blue Falcon	5,302	5,985	4,546	3,500	(756)	(2,485)
Misc Furniture and Equipment	3,243	0	0	0	(3,243)	0
Law Order & Public Safety						
Utility - Ranger	27,491	26,674	22,749	23,000	(4,742)	(3,674)
Fire Unit - Burracoppin	0	0	13,906	0	13,906	0
Fire Unit - Hines Hill	4,288	0	17,959	0	13,671	0
Health						
EMDS Vehicle	29,422	29,202	23,586	28,000	(5,836)	(1,202)
Community Amenities						
Carrington Way 1 Lot	0	0	0	46,000	0	46,000
Lot 101 Maiolo Way	56,106	7,271	80,000	80,000	23,894	72,729
Whitfield Way 6 Lots		36,354	0	400,000	0	363,646
NRMO - Vehicle	22,545	0	12,727	0	(9,818)	0
Lot 236 Cummings Street	26,290	0	43,750	0	17,460	0
Lot 237 Cummings Street	26,257	0	43,750	0	17,493	0
Transport						
Caterpillar 12G Maintenance	0	0	35,300	45,000	35,300	45,000
Caterpillar 12G Maintenance	11,325	0	59,300	0	47,975	0
McDonald Steel Roller	0	0	0	3,000	0	3,000
Fuso Tip Truck	68,267	0	71,370	0	3,103	0
2010 Nissan Navara	16,689	0	10,909	0	(5,780)	0
2005 Mitsubishi Dual Cab	28,436	0	21,818	0	(6,618)	0
2010 Nissan Navara	14,968	0	10,909	0	(4,059)	0
2002 Skid Steer	36,903	0	17,000	0	(19,903)	0
New Holland Tractor	56,241	0	40,742	0	(15,499)	0
2010 Nissan Navara	16,689	0	10,909	0	(5,780)	0
EMES - Nissan Navara	28,511	27,996	26,750	28,000	(1,761)	4
Misc Plant and Equipment	4,074	0	0	0	(4,074)	0
	523,343	238,575	610,253	724,000	86,910	531,925

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Goverance								
Amalgamation on Loans	1,115,970	0	103,771	103,771	1,012,199 0	1,012,199	66,844	63,480
Recreation & Culture								
Burracoppin Sporting Club *	8,288	0	2,206	2,206	6,082	6,083	412	447
	1,124,258	0	105,977	105,977	1,018,281	1,018,282	67,256	63,927

(* Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

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

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV	0.097053	1,260	15,520,685	1,506,329	0	0	1,506,329	1,506,387	0	0	1,506,387
UV1 - Rural	0.012317	319	88,660,469	1,092,031	0	0	1,092,031	1,079,339	0	0	1,079,339
UV2 -Urban Rural	0.018475	49	4,209,606	77,772	0	0	77,772	77,503	0	0	77,503
UV3 - Mining	0.024634	10	121,215	2,986	0	0	2,986	4,463	0	0	4,463
UV4 - Special Use Wind Farm	0.024634	14	4,284,000	105,532	0	0	105,532	119,807	0	0	119,807
UV5 - Special Use Airstrip	0.024634	1	166,000	4,089	0	0	4,089	4,089	0	0	4,089
UV6 - Merredin Power	0.024634	1	60,000	1,478	0	0	1,478	985	0	0	985
Sub-Totals		1,654	113,021,975	2,790,217	0	0	2,790,217	2,792,573	0	0	2,792,573
Minimum Rates	Minimum \$										
GRV	650	203	534,606	131,950	0	0	131,950	132,600	0	0	132,600
UV1 - Rural	807	112	4,275,196	90,384	0	0	90,384	91,191	0	0	91,191
UV2 -Urban Rural	807	39	744,294	31,473	0	0	31,473	34,701	0	0	34,701
UV3 - Mining	200	9	13,788	1,800	0	0	1,800	1,600	0	0	1,600
Sub-Totals		363	5,567,884	255,607	0	0	255,607	260,092	0	0	260,092
Ex Gratia Rates (Contributions)							3,045,824				3,052,665
Discounts (<i>refer note 25</i>)							28,464				28,482
							0				0
Total Amount Raised from General Rate							3,074,288				3,081,147

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

22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit)	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>2,141,690</u>	<u>2,773,670</u>	<u>2,773,670</u>
Comprises:			
Cash - Unrestricted	2,525,605	3,200,794	3,200,794
Cash - Restricted	1,132,457	1,196,917	1,196,917
Rates - Current	307,546	274,626	274,626
Sundry Debtors	353,875	445,663	445,663
Inventories			
- Fuel and Materials	41,966	68,216	68,216
Less:			
Reserves - Restricted Cash			
Employee Entitlement Reserve	(253,332)	(244,373)	(244,373)
Plant Replacement Reserve	(268,399)	(258,908)	(258,908)
Heritage Reserve	(6,764)	(6,525)	(6,525)
Land & Development Reserve	(78,778)	(262,871)	(262,871)
Disaster Relief Reserve	(7,199)	(70,752)	(70,752)
Building Reserve	(148,606)	(6,944)	(6,944)
Recreation Facilities Reserve	(202,597)	(195,432)	(195,432)
Road Reinstatement Reserve	(23,534)	(22,702)	(22,702)
Cummings Street Unit Reserve	(46,661)	(35,237)	(35,237)
Waste Management Reserve	(39,361)	(37,969)	(37,969)
Environmental Initiatives Reserve	(57,226)	(55,204)	(55,204)
Sundry Creditors	(218,612)	(589,889)	(589,889)
GST Payable	(28,741)	(18,536)	(18,536)
PAYG Payable	(36,921)	(2,634)	(2,634)
Accrued Expenses	(13,209)	(3,357)	(3,357)
Accrued Interest on Debentures	(3,501)	(3,713)	(3,713)
Accrued Salaries and Wages	(127,063)	(29,420)	(29,420)
Current Employee Benefits Provision	(659,255)	(568,080)	(568,080)
Surplus/(Deficit)	<u>2,141,690</u>	<u>2,773,670</u>	<u>2,773,670</u>

Difference:

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

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

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

The Shire of Merredin did not levy Specified Area Rates in the 2012/2013 financial year.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

No Service Charges were applicable within the Shire of Merredin.

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

Photocopy charges are waived for certain community groups such as the Volunteer Bush Fire Brigades. Council considers support of these groups necessary for the overall benefit of the community.

The Shire of Merredin did not have a Rates Incentive Program for the 2012/13 financial year.

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0	37,507	15,000
Interest on Instalments Plan	5.50%	0	14,087	15,447
Charges on Instalment Plan		40	29,916	25,000
			81,510	55,447

Ratepayers had the option of paying rates in four equal instalments, due on 24th September 2012, 26th November 2012, 29th January 2013 and 25th March 2013. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2013 \$	2012 \$
Governance	9,039	30,558
General Purpose Funding	15,829	11,995
Law, Order, Public Safety	198,117	176,241
Health	39,560	9,421
Education and Welfare	340	0
Housing	47,151	61,122
Community Amenities	500,109	500,924
Recreation and Culture	489,188	497,864
Economic Services	234,811	161,239
Other Property and Services	<u>2,232,022</u>	<u>1,251,609</u>
	<u><u>3,766,166</u></u>	<u><u>2,700,973</u></u>

During the 2012/13 years changes were made to the fees and charges for the use of the Merredin recreation facility.

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

28. GRANT REVENUE

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

	2013	2012
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,494,671	2,914,153
Non-Operating Grants, Subsidies and Contributions	<u>1,327,952</u>	<u>3,173,182</u>
	<u>3,822,623</u>	<u>6,087,335</u>
By Program:		
Governance	37,550	120,000
General Purpose Funding	2,103,316	2,468,099
Law, Order, Public Safety	507,175	412,775
Education and Welfare	340	0
Community Amenities	34,617	893,175
Recreation and Culture	108,375	1,296,881
Transport	1,007,010	852,386
Economic Services	<u>24,240</u>	<u>44,019</u>
	<u>3,822,623</u>	<u>6,087,335</u>

29. ELECTED MEMBERS REMUNERATION

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

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting Fees	36,051	36,000	36,519
President's Allowance	11,500	11,500	6,886
Deputy President's Allowance	2,500	2,500	1,250
Councillor Corporate Wardrobe	44	2,000	1,247
	<u>50,095</u>	<u>52,000</u>	<u>45,902</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>53</u>	<u>53</u>

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

31. MAJOR LAND TRANSACTIONS

Whitfield Way Subdivision

(a) Details

This land was acquired during 2011/12 for residential sub-division. Council incurred additional costs to develop 11 residential lots. This included the provision of services such as sewerage, power and transport infrastructure. Due to lower than expected sales no additional development is budgeted for.

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
Operating Revenue			
- Profit on sale	23,894	436,375	0
Capital Revenue			
- Sale Proceeds	80,000	480,000	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	66,828	0	472,534
	<u>66,828</u>	<u>0</u>	<u>472,534</u>

The above capital expenditure is included in land held for resale as disclosed elsewhere in this financial report. There are no liabilities in relation to this land transaction as at 30 June 2013.

(c) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
(Cash Outflows)						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	160,000	160,000	160,000	160,000	240,000	880,000
	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>240,000</u>	<u>880,000</u>
Net Cash Flows	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>240,000</u>	<u>880,000</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

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	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,658,062	4,397,711	3,658,062	4,397,711
Receivables	749,678	778,235	749,678	778,235
	<u>4,407,740</u>	<u>5,175,946</u>	<u>4,407,740</u>	<u>5,175,946</u>
Financial Liabilities				
Payables	428,047	647,549	428,047	647,549
Borrowings	1,018,281	1,124,259	980,724	1,113,938
	<u>1,446,328</u>	<u>1,771,808</u>	<u>1,408,771</u>	<u>1,761,487</u>

Fair value is determined as follows:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

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

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

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

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

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	36,581	43,977
- Statement of Comprehensive Income	36,581	43,977

Notes:

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

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

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

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:

	2013	2012
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	93.30%	91.06%
- Overdue	6.70%	8.94%

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

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 within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	428,047	0	0	428,047	428,047
Borrowings	173,445	857,939	256,188	1,287,572	1,018,281
	<u>601,492</u>	<u>857,939</u>	<u>256,188</u>	<u>1,715,619</u>	<u>1,446,328</u>
<u>2012</u>					
Payables	647,549	0	0	647,549	647,549
Borrowings	173,445	689,800	597,772	1,461,017	1,124,259
	<u>820,994</u>	<u>689,800</u>	<u>597,772</u>	<u>2,108,566</u>	<u>1,771,808</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	<u>Weighted Average Effective Interest Rate</u>
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	6,082	0	0	1,012,199	1,018,281	6.07%
Weighted Average Effective Interest Rate			5.62%			6.08%		
<u>Year Ended 30 June 2012</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	8,289	0	1,115,970	1,124,259	6.07%
Weighted Average Effective Interest Rate				5.62%		6.08%		

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

REPORT ON THE FINANCIAL REPORT

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Adoption of 2012-13 Budget

- i) The Council did not comply with Section 6.36(3)(b)(ii) of the Local Government Act 1995 (as amended) as the budget for the 2012-13 financial year was adopted prior to the expiration of the notice period in the local public notice relating to differential general rates.
- ii) The adopted budget for the 2012-13 financial year did not include reasons why the differential rates adopted differed from the proposed rates set forth in the local public notice as required by Local Government (Financial Management) Regulation 23(b)(ii).

List of Trust Fund Payments

The list of accounts paid by the CEO presented to Council each month did not include all payments made from the trust account as required by Local Government (Financial Management) Regulation 13(1).

Differential General Rates

With respect to differential rates imposed by Council for 2012/2013:

- i) A brief statement of objects/reasons for imposing differential rates was not included in the rate notice or information accompanying the rate notice as required by Local Government (Financial Management) Regulation 56(4)(a)(i); and
- ii) The reasons the differential rates differed from those set forth in the local public notice were not included in the rate notice or accompanying information as required by Local Government (Financial Management) Regulation 56(4)(b).

OTHER MATTERS

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 55 of this report, we have reviewed the calculation as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 5 December 2013
Perth, WA

**SHIRE OF MERREDIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

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

	2013	2012	2011
Asset Consumption Ratio	0.606	N/A	N/A
Asset Renewal Funding Ratio	0.836	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.