

Financial report 2012/13

Shire of Roebourne financial report
for the year ending June 30 2013

2012
/13

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Statement from the Chief Executive Officer

Local Government Act 1995

Local Government (Financial management) regulations 1996

The attached financial report of the Shire of Roebourne 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 Roebourne 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 on the 27th day of September 2013



Chris Adams
Chief Executive Officer

Statement of comprehensive income by nature or type

(year ending 30 June 2013)

	NOTE	2013 \$	2013 Budget \$	2012 \$
REVENUE				
Rates	22	29,047,976	28,801,063	23,670,474
Operating Grants, Subsidies and Contributions	28	10,444,600	8,489,229	7,922,156
Fees and Charges	27	48,515,984	38,596,501	40,114,341
Interest Earnings	2(a)	2,970,801	3,758,907	4,130,043
Other Revenue		1,269,401	590,050	1,197,732
		<u>92,248,762</u>	<u>80,235,750</u>	<u>77,034,746</u>
EXPENSES				
Employee Costs		(30,722,779)	(30,737,529)	(25,536,457)
Materials and Contracts		(20,879,527)	(19,420,786)	(15,242,681)
Utility Charges		(3,172,054)	(3,744,360)	(3,136,671)
Depreciation on Non-Current Assets	2(a)	(9,176,504)	(8,541,215)	(8,446,204)
Interest Expenses	2(a)	(1,385,118)	(794,625)	(897,219)
Insurance Expenses		(1,875,382)	(1,591,894)	(1,542,174)
Other Expenditure		(2,890,729)	(3,645,101)	(3,979,779)
		<u>(70,102,093)</u>	<u>(68,475,510)</u>	<u>(58,781,185)</u>
		22,146,669	11,760,240	18,253,561
Non-Operating Grants, Subsidies and Contributions	28	11,251,898	18,544,072	24,312,866
Fair value adjustments to financial assets at fair value through profit or loss	6(a)	435,479	0	0
Profit on Asset Disposals	20	30,532	114,592	28,928
Loss on Asset Disposal	20	(1,846,738)	(41,606)	(141,425)
		<u>32,017,840</u>	<u>30,377,298</u>	<u>42,453,930</u>
NET RESULT				
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	1,558,976	0	0
		<u>1,558,976</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income		<u>1,558,976</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>33,576,816</u></u>	<u><u>30,377,298</u></u>	<u><u>42,453,930</u></u>

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

Statement of comprehensive income by program

(year ending 30 June 2013)

	NOTE	2013 \$	2013 Budget \$	2012 \$
REVENUE				
General Purpose Funding		35,466,681	35,141,473	32,497,617
Governance		252,268	62,076	347,312
Law, Order and Public Safety		1,086,710	1,807,040	1,070,032
Health		125,655	171,500	118,547
Education and Welfare		53,992	59,900	83,300
Housing		310,063	302,500	279,578
Community Amenities		16,720,592	12,007,480	12,089,278
Recreation and Culture		15,692,698	22,587,363	26,571,346
Transport		31,215,456	24,732,898	25,837,818
Economic Services		1,550,385	1,679,184	1,620,264
Other Property and Services		1,077,545	343,000	618,701
		<u>103,552,045</u>	<u>98,894,414</u>	<u>101,133,793</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(3,624,405)	(4,500,976)	(3,085,367)
General Purpose Funding		(113,602)	(693,048)	(926,574)
Law, Order and Public Safety		(2,176,141)	(2,157,181)	(2,322,498)
Health		(1,491,801)	(1,520,504)	(1,253,399)
Education and Welfare		(229,200)	(284,403)	(332,010)
Housing		(1,369,420)	(1,069,312)	(1,070,211)
Community Amenities		(14,964,497)	(13,432,828)	(10,642,554)
Recreation and Culture		(22,989,228)	(21,209,403)	(18,418,550)
Transport		(18,652,645)	(20,127,998)	(16,980,290)
Economic Services		(4,033,872)	(3,520,851)	(2,776,808)
Other Property and Services		(939,755)	794,013	25,618
		<u>(70,584,566)</u>	<u>(67,722,491)</u>	<u>(57,782,643)</u>
FINANCE COSTS				
General Purpose Funding		(4,073)	(4,123)	(4,259)
Governance		(98,525)	(86,587)	(108,276)
Housing		(657,020)	(265,445)	(283,179)
Community Amenities		(10,273)	(12,444)	(21,489)
Recreation and Culture		0	0	(13,269)
Transport		(529,250)	(359,215)	(386,785)
Other Property and Services		(85,977)	(66,811)	(79,963)
	2(a)	<u>(1,385,118)</u>	<u>(794,625)</u>	<u>(897,220)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
General Purpose Funding	6(a)	435,479	0	0
		<u>32,017,840</u>	<u>30,377,298</u>	<u>42,453,930</u>
NET RESULT				
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	1,558,976	0	0
Total Other Comprehensive Income		<u>1,558,976</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>33,576,816</u></u>	<u><u>30,377,298</u></u>	<u><u>42,453,930</u></u>

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

Statement of financial position

(year ending 30 June 2013)

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	43,648,411	76,803,079
Trade and Other Receivables	4	9,777,096	12,505,530
Inventories	5	449,261	513,717
TOTAL CURRENT ASSETS		<u>53,874,768</u>	<u>89,822,326</u>
NON-CURRENT ASSETS			
Other Receivables	4	53,402	69,607
Property, Plant and Equipment	6	155,870,454	114,702,994
Infrastructure	7	104,847,996	93,081,413
TOTAL NON-CURRENT ASSETS		<u>260,771,852</u>	<u>207,854,014</u>
TOTAL ASSETS		<u><u>314,646,620</u></u>	<u><u>297,676,340</u></u>
CURRENT LIABILITIES			
Trade and Other Payables	8	9,550,845	8,945,220
Borrowings	9(a)	2,932	2,163,402
Provisions	10(a)	4,064,328	2,673,479
TOTAL CURRENT LIABILITIES		<u>13,618,105</u>	<u>13,782,101</u>
NON-CURRENT LIABILITIES			
Borrowings	9(b)	53,402	12,662,768
Provisions	10(b)	516,783	361,050
TOTAL NON-CURRENT LIABILITIES		<u>570,186</u>	<u>13,023,818</u>
TOTAL LIABILITIES		<u><u>14,188,291</u></u>	<u><u>26,805,919</u></u>
NET ASSETS		<u><u>300,458,328</u></u>	<u><u>270,870,421</u></u>
EQUITY			
Retained Surplus		241,863,498	182,961,193
Reserves - Cash Backed	11	42,684,510	76,228,218
Revaluation Surplus	12	15,910,320	11,681,010
TOTAL EQUITY		<u><u>300,458,328</u></u>	<u><u>270,870,421</u></u>

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

Statement of changes in equity

(year ending 30 June 2013)

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		133,720,252	83,650,428	11,681,010	229,051,690
Changes in Accounting Policy		0	0	0	0
Revaluation Adjustment		(5,788,286)	0	5,788,286	0
Restated Balance		127,931,966	83,650,428	17,469,296	229,051,690
Comprehensive Income		42,453,930	0	0	42,453,930
Net Result		0	0	0	0
Changes on Revaluation of Non-Current Assets		0	0	0	0
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		6,787,011	(7,422,210)	0	(635,199)
Balance as at 30 June 2012		177,172,907	76,228,218	17,469,296	270,870,421
Comprehensive Income		31,582,361	0	0	31,582,361
Net Result		0	0	0	0
Changes on Revaluation of Non-Current Assets		(435,478)	0	(1,558,976)	(1,994,454)
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		33,543,708	(33,543,708)	0	0
Balance as at 30 June 2013		241,863,498	42,684,510	15,910,320	300,458,328

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

Statement of cash flows

year ending 30 June 2013)

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		28,834,877	28,801,063	23,749,318
Operating Grants, Subsidies and Contributions		10,379,600	7,399,129	7,922,156
Fees and Charges		51,030,466	40,596,501	41,005,347
Interest Earnings		2,963,609	3,758,907	4,130,043
Goods and Services Tax		(263,954)	0	523,202
Other Revenue		1,269,401	600,050	1,180,789
		<u>94,213,999</u>	<u>81,155,650</u>	<u>78,510,855</u>
Payments				
Employee Costs		(29,673,974)	(30,704,687)	(24,666,320)
Materials and Contracts		(18,844,071)	(21,885,786)	(15,916,583)
Utility Charges		(3,172,054)	(3,744,360)	(3,136,671)
Insurance Expenses		(1,877,042)	(1,591,894)	(1,542,174)
Interest expenses		(1,568,514)	(794,625)	(933,424)
Goods and Services Tax		(51,296)	0	(906,503)
Other Expenditure		(2,890,729)	(3,655,101)	(3,979,779)
		<u>(58,077,680)</u>	<u>(62,376,453)</u>	<u>(51,081,454)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>36,136,319</u>	<u>18,779,197</u>	<u>27,429,401</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(49,329,713)	(47,032,997)	(39,385,380)
Payments for Construction of Infrastructure		(16,788,111)	(24,359,350)	(15,298,471)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		11,251,898	19,634,172	20,060,107
Proceeds from Sale of Plant & Equipment		334,502	359,250	71,552
Net Cash Provided By (Used In) Investing Activities		<u>(54,531,425)</u>	<u>(51,398,925)</u>	<u>(34,552,192)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(14,769,832)	(2,188,843)	(3,042,872)
Proceeds from Self Supporting Loans		2,735	10,271	2,631
Proceeds from Local Group Loans		7,536	0	7,536
Proceeds from New Debentures		0	7,440,000	0
Net Cash Provided By (Used In) Financing Activities		<u>(14,759,562)</u>	<u>5,261,428</u>	<u>(3,032,705)</u>
Net Increase (Decrease) in Cash Held Cash at Beginning of Year Cash and Cash Equivalents at the End of the Year	13(a)	<u>(33,154,668)</u>	<u>(27,358,300)</u>	<u>(10,155,496)</u>
		<u>76,803,079</u>	<u>71,720,658</u>	<u>86,958,575</u>
		<u>43,648,411</u>	<u>44,362,358</u>	<u>76,803,079</u>

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

Statement of rate setting (year ending 30 June 2013)

NOTE	2013 \$	2013 Budget \$	2012
REVENUE			
General Purpose Funding	6,418,705	6,340,410	9,069,890
Governance	252,268	62,076	347,312
Law, Order and Public Safety	1,086,710	1,807,040	1,047,053
Health	125,655	171,500	118,547
Education and Welfare	53,992	59,900	83,300
Housing	310,063	302,500	279,578
Community Amenities	16,720,592	12,001,335	12,089,278
Recreation and Culture	15,692,698	22,582,741	26,570,205
Transport	31,215,456	24,732,898	25,837,818
Economic Services	1,550,385	1,679,184	1,620,264
Other Property and Services	1,077,545	343,000	618,701
	<u>74,504,069</u>	<u>70,082,584</u>	<u>77,681,946</u>
EXPENSES			
General Purpose Funding	(117,675)	(697,171)	(1,173,581)
Governance	(3,722,930)	(4,601,963)	(3,193,643)
Law, Order, Public Safety	(2,176,141)	(2,157,181)	(2,322,498)
Health	(1,491,801)	(1,520,504)	(1,253,399)
Education and Welfare	(229,200)	(284,403)	(332,010)
Housing	(2,026,440)	(1,334,757)	(1,353,390)
Community Amenities	(14,974,770)	(13,439,127)	(10,664,043)
Recreation and Culture	(22,989,228)	(21,205,381)	(18,431,819)
Transport	(19,181,895)	(20,487,213)	(17,367,074)
Economic Services	(4,033,872)	(3,520,851)	(2,776,808)
Other Property and Services	(1,025,732)	727,202	(54,345)
	<u>(71,969,684)</u>	<u>(68,521,349)</u>	<u>(58,922,610)</u>
Net Operating Result Excluding Rates	2,534,385	1,561,235	18,759,336
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	20	1,816,206	(72,986)
Movement in Accrued Interest		(183,396)	0
Movement in Deferred Pensioner Rates (Non-Current)		5,771	0
Movement in Accrued Salaries and Wages		(268,567)	0
Movement in Employee Benefit Provisions		1,546,583	0
Depreciation and Amortisation on Assets	2(a)	9,176,504	8,541,215
Capital Expenditure and Revenue			
Purchase Artwork	6	0	0
Purchase Buildings	6	(45,538,600)	(42,749,088)
Purchase Equipment	6	(157,446)	0
Purchase Furniture and Equipment	6	(614,100)	(58,500)
Purchase Plant	6	(3,157,454)	(4,225,409)
Purchase Infrastructure Assets	7	(16,788,111)	(24,359,350)
Income Set Aside As Restricted Funds - Income		183,410	0
Income Set Aside As Restricted Funds - Expense		(63,024)	0
Proceeds from Disposal of Assets		334,502	359,250
Repayment of Debentures	21(a)	(14,769,832)	(2,188,843)
Proceeds from New Debentures		0	7,440,000
Self-Supporting Loan Principal Income		2,735	10,271
Repayment of Interest Free Loans to Local Groups		7,536	0
Transfers to Reserves (Restricted Assets)	11	(19,866,305)	(11,774,527)
Transfers from Reserves (Restricted Assets)	11	53,410,013	38,150,627
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		4,477,252	565,042
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,136,042	0
Amount Required to be Raised from Rates	22	<u>(29,047,976)</u>	<u>(28,801,063)</u>

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

Notes

(year ending 30 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 affect the application of policies and reported amounts of assets and liabilities, income and expense.

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

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

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

(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 on the statement of financial position.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trade and Other Receivables

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

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.

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Each class of fixed assets is carried at cost 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.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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. They were then classified as Land and revalued along with other land in accordance with other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but are scheduled to be revalued along with other items of Land and Buildings at 30 June 2014.

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).

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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 of land & building 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.

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.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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

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

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

Depreciation of Non-Current Assets

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

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

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

Artwork/sculptures	2.00%
Buildings	1.80%
Furniture and (Internal) Equipment	
- Computers and peripherals	32.00%
- Other Electronic Equipment	18.00%
- Furniture	9.00%
Plant	
- construction plant (includes prime movers and trailers)	9.00%
- construction vehicles (eg trucks)	15.00%
- light commercial vehicles	15.00%
- passenger vehicles	12.00%
Equipment	
- light plant and (external) equipment	
heavy usage	42.00%
light usage	21.00%
Infrastructure	
- roads	3.60%
- paths and cycleways	4.80%
- aerodromes	3.60%
- parks and gardens	1.00%
- hardcourt facilities	
bitumen surface	3.60%
concrete base	2.40%
- bridges and culverts	4.80%
- drainage	1.80%
- miscellaneous structures	4.80%
- boat ramps/jetties	6.67%

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

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(g) Fixed Assets (Continued)****Depreciation of Non-Current Assets (Continued)**

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

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

Capitalisation Threshold

For reasons of practicality, the following thresholds have been applied, below which any expenditure on assets is not capitalised:

- Land - All purchases are capitalised at cost.
- Artwork/Sculptures - All purchases are capitalised at cost.
- Buildings - Expenses totalling less than \$1,000 on any building in any one year are not capitalised.
- Furniture and (Internal) Equipment - Expenses totalling less than \$500 on any one item in any one year are not capitalised.
- Plant and (External) Equipment and Tools - Expenses totalling less than \$1,000 on any one item one year are not capitalised.
- Infrastructure Assets - Roads - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Footpaths and Cycleways - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Aerodrome - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Parks and Reserves - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Hardcourt Facilities - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Bridges and Culverts - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Drainage - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Miscellaneous Structures - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.
- Infrastructure Assets - Boat Ramps/Jetties - Expenses totalling less than \$2,000 on any one item in any year are not capitalised.

For assets which, at the time of acquisition, there is a reasonable expectation that they may last for more than one accounting period, but their cost is below the declared thresholds for capitalisation, they are recorded in quantitative terms to ensure a record of ownership and location exists.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Financial Instruments****Initial Recognition and Measurement**

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

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

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.

(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.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(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 non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) Financial liabilities

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

Impairment

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

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.

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.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(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 and are usually paid within 30 days of recognition.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(l) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

Employee benefits are accrued on the basis of numbers of years employed (continuously) in Local Government as follows:

0-1	years	10%	of normal accrual
1-2	years	15%	of normal accrual
2-3	years	25%	of normal accrual
3-4	years	40%	of normal accrual
4-5	years	60%	of normal accrual
5-6	years	80%	of normal accrual
6-7	years	90%	of normal accrual
7-10	years	100%	of normal accrual

The Shire of Roebourne's Enterprise Agreement 2012 permits employees to apply to take pro-rata Long Service Leave (6.5 weeks) on completion of each 5 years of continuous service with the Shire. Where an employee has reached a period of service with the Shire longer than 5 years but less than 7, employee benefits are accrued on the basis of numbers of years employed (continuously) with the Shire of Roebourne as follows:

0-1	years	20%	of normal accrual
1-2	years	30%	of normal accrual
2-3	years	50%	of normal accrual
3-4	years	70%	of normal accrual
4-5	years	90%	of normal accrual

(m) Borrowing Costs

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

(n) Provisions

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(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 equal to the present.

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) Joint Venture

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

(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 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.

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(u) Comparative Figures

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

(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.

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 AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

Notes

(year ending 30 June 2013)

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)		(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)	
	Title and Topic	Issued	Applicable (*)
(iii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2010	01 January 2013
	[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]		
(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	August 2011	01 January 2013
	[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]		
			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.
			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).

Notes

(year ending 30 June 2013)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)		(Continuing)	
	Title and Topic	Issued	Applicable (*)
(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 other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.		
	It affects 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.		

Notes

(year ending 30 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	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.
(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	This Standard is not expected to significantly impact on the Council's financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	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.
			Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

Notes

(year ending 30 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	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.
(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	This Standard is not expected to significantly impact on the Council's financial statements.
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	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.
			Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

1. Adoption of New and Revised Accounting Standards (Continued)

During the current year, the Council adopted the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable from the current year, the Council adopted the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable from the current year.

These new and revised standards were:

- AASB 2010 – 8
- AASB 2011 – 3
- AASB 2012 – 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).

(y) Securing a Clean Energy Future - the Australian Government's Climate Change Plan

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future - the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanisms on the Council as legislation must be voted on and passed by both houses of Parliament. In addition, as the Council will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Council expects that this will not have significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

(z) Comparative figures

Where required comparative balances have been amended to conform with Accounting Standards and / or the Local Government Act 1995.

Notes

(year ending 30 June 2013)

2. REVENUE AND EXPENSES	2013	2012
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
Audit	16,600	33,306
Other Services	25,030	2,347
	<u>41,630</u>	<u>35,653</u>
Depreciation		
Artwork/Sculptures	7,372	3,820
Buildings	1,682,047	1,368,107
Equipment	233,436	219,332
Furniture and Equipment	668,576	484,685
Plant	1,572,195	1,392,825
Infrastructure - Roads	2,061,455	2,322,757
Infrastructure - Paths and Cycleways	253,280	253,807
Infrastructure - Aerodromes	1,613,634	1,489,854
Infrastructure - Parks and Gardens	113,533	113,488
Infrastructure - Hardcourt Facilities	124,675	103,608
Infrastructure - Bridges and Culverts	84,758	95,581
Infrastructure - Drainage	21,768	21,768
Infrastructure - Miscellaneous	615,359	452,156
Infrastructure - Boat Ramps/Jetties	124,416	124,416
	<u>9,176,504</u>	<u>8,446,204</u>
Interest Expenses (Finance Costs)		
Other Finance Charges	1,793	5,010
Debentures (refer Note 21(a))	1,383,325	892,209
	<u>1,385,118</u>	<u>897,219</u>
Rental Charges		
Operating Leases	169,008	180,121

Notes

(year ending 30 June 2013)

2. REVENUE AND EXPENSES (Continued)	2013	2013	2012
	\$	Budget	\$
(ii) Crediting as Revenue:			
Interest Earnings			
Earnings on Reserve Funds			
Aerodrome	719,125	776,956	692,175
Dampier Drainage	1,062	1,286	1,187
Walkington Theatre Operating	202	245	226
Plant Replacement	100,532	136,620	112,399
Workers Compensation	28,071	41,366	55,474
Waste Management	568,654	698,326	480,799
Infrastructure	469,696	646,085	862,555
Housing	58,136	80,709	75,247
Restricted Funds	28	0	0
Aged Persons Homes	3,101	3,937	3,633
Junior Sports	3,704	4,487	4,141
Public Open Space	10,056	34,528	58,825
History and Cultural Publications	2,241	2,716	2,506
Mosquito Control	142	171	133
Medical Services Incentive Scheme	10,937	8,251	12,228
Royalty for Regions	242,826	838,417	1,211,013
Employee Entitlements	81,512	32,842	25,987
Community Development	43,373	41,465	7,685
Earnings on Municipal Funds			
General Funds	627,403	410,500	523,830
Long Service Leave	0	0	0
	<u>2,970,801</u>	<u>3,758,907</u>	<u>4,130,043</u>

Notes
(year ending 30 June 2013)

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Functions relating to the Councillors and the running of Council.
Expenditure includes the running of elections, payments of expenses to Councillors and non statutory donations.

GENERAL PURPOSE FUNDING

Rating and Government Grant functions.
Includes the financial assistance grant received from the Local Government Grants Commission and all rate income.

LAW, ORDER AND PUBLIC SAFETY

Supervision of various by-laws, fire and emergency services, and animal control.
Includes expenditure for the Ranger Services, State Emergency Service and also cyclone preparation expenses.

HEALTH

Food control, immunisation services, mosquito control and maintenance of child health centres.
Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses mainly relating to mosquito control.

EDUCATION AND WELFARE

Maintain preschool facilities and day care centres.
It includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.

HOUSING

Maintain staff housing.

COMMUNITY AMENITIES

Rubbish collection services, operation of tip, administration of town planning schemes and operation of cemeteries.
Also included are the cost associated with the maintaining and cleaning of public toilets.

RECREATION AND CULTURE

Maintenance of halls, swimming pool, recreation centres, various reserves and operation of libraries.
Expenditure includes the cost of the Karratha Entertainment Centre and other pavilions, oval and parks maintenance, Karratha Swimming Pool, coastal rehabilitation, and the four libraries. Expenses relating to the historical town of Cossack, the Walkington Theatre and SBS television and JJJ radio re-broadcasting are also included in this function.

TRANSPORT

Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs and the aerodromes.
It includes expenditure for the construction and maintenance of the roads, footpaths and also the expenditure relating to parking control and the operation of the Karratha Airport.

ECONOMIC SERVICES

Tourism and administration of building controls.
Expenditure includes Councils contributions to the Karratha and Roebourne Tourist Bureau's and the Pilbara Tourism Association, and the costs associated with building control.

OTHER PROPERTY AND SERVICES

Private works and other unclassified works.
It also includes expenditure relating to plant operations and the Technical Services Division however these cost are then reallocated to the other functions.

The costs associated with financing are allocated direct to the relevant functions.
The costs associated with administration are allocated to the relevant functions as set out in Appendix 2.

Notes
(year ending 30 June 2013)

Grant/Contribution	Function/ Activity	Opening Balance (*) 30-Jun-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$	Notes
PDC Andover Way Park		3,600	0	0	3,600	0	(3,600)	0	
Roebourne Community Recreation Assoc Inc		23,024	0	0	23,024	0	0	23,024	(iv)
PDC Hydrology Grant		40,000	0	0	40,000	0	0	40,000	(iv)
City of Belmont "Finding My Place"		4,877	0	0	4,877	0	(4,877)	0	
PDC Cultural Planning and Development - formerly "Art Consultancy"		20,981	0	(20,981)	0	0	0	0	
WA Tourism Commission - Tourism Feasibility		2,273	0	(2,273)	0	0	0	0	
Waterways Grant-St Luke's Oval		45,455	0	(45,455)	0	0	0	0	
Dept of Sport and Rec - Roebourne Enhancement Scheme		331,950	0	(220,041)	111,909	0	(111,909)	0	
Office of Crime Prevention - Roebourne Sports Activity Officer		20,000	0	(20,000)	0	0	0	0	
Office of Crime Prevention - Community Safety Plan		18,000	0	(18,000)	0	0	0	0	
Country Local Government Fund - Frank Butler Community Centre		557,284	0	(557,284)	0	0	0	0	
Royalties for Regions - Wickham Skate Park		56,000	0	(56,000)	0	0	0	0	
Dept of Agriculture - 2010 Dry Season Assistance Scheme		20,000	0	(20,000)	0	0	0	0	
Disability Services Commission - Accessible Communities Grant - Disabled Toilet		8,830	0	(8,830)	0	0	0	0	
National Libraries Australia - Community Heritage Grant		11,111	0	(11,111)	0	0	0	0	
Regional Road Group Funding 10/11 (Witteroom Rd)		58,738	0	(58,738)	0	0	0	0	
Walking Paths Network - Landcorp		0	100,000	(17,040)	82,960	0	0	82,960	
Pilbara Iron - Planning Compliance Officer 2011		250,178	0	(250,178)	0	0	0	0	
Financial Assistance Grant 12/13		0	4,546,478	(2,655,446)	1,891,032	1,372,480	(3,263,522)	6,407	(iii)
Long Term Financial Planning Grant - CLGF 10/11		0	30,000	(28,493)	1,507	0	(1,507)	0	
Pilbara Iron - Point Samson VBFB Contribution		0	175,000	(175,000)	0	0	0	0	
FESA - SES Capital Grant funding 11/12		0	7,598	(1,926)	5,672	0	(5,672)	0	
FESA - BFB Operating Grant funding 11/12		0	9,722	(5,410)	4,312	0	0	4,312	(iii)
Department of Education & Training - Karratha Leisure Complex Grant Claim 1		0	3,000,000	(3,000,000)	0	0	0	0	
Department of Education & Training - Karratha Leisure Complex Grant Claim 2		0	5,000,000	(2,116,175)	2,883,825	0	(2,883,825)	0	
Department of Regional Aust, Local Govt, Arts & Sports - KLC Claim 1		0	2,250,000	(2,250,000)	0	0	0	0	
Department of Regional Aust, Local Govt, Arts & Sports - KLC Claim 2		0	5,000,000	(5,000,000)	0	0	0	0	
ICC WA - Stay on Your Feet Week		0	596	(596)	0	0	0	0	
Department of Indigenous Affairs 2012 Reconciliation Sponsorship Funding		0	2,625	(2,210)	415	0	(415)	0	
State Gratuity Fund GRAF091112		0	15,000	0	15,000	0	(15,000)	0	
Woodside Crime Initiatives		0	54,500	(37,273)	17,227	0	(17,227)	0	
WALGA Community Road Safety Grant		0	20,000	(20,000)	0	0	0	0	
Department of Regional Development and Lands Northwest Planning Fund 11/12		0	100,000	(100,000)	0	0	0	0	
Department of Sport & Recreation - Tambrey Oval Lighting Project		0	200,000	(200,000)	0	0	0	0	
Landcorp Regional Development Assistance Program (RDAP)		0	1,800,000	(1,034,010)	765,990	0	(690,964)	75,026	(iii)
Regional & Local Community Infrastructure Program - Baynton West Family Centre		0	661,886	(661,886)	0	0	0	0	
Lotterywest Grant 11/12 - Pam Buchanan Family Centre		0	1,000,000	(1,000,000)	0	0	0	0	
Landcorp Contribution 11/12 - Pam Buchanan Family Centre		0	1,000,000	(915,674)	84,326	0	(84,326)	0	
Department of Sport & Recreation - Frank Butler Community Centre		0	936,056	(936,056)	0	0	0	0	

Notes

(year ending 30 June 2013)

- (i) - The following grants/contributions have been received in Municipal cash but have been transferred to Restricted Reserve cash funds in 2012/13. (\$2,349,902)
- (ii) - The following restricted purpose grant/contribution has not been received in Municipal/restricted cash by 30th June 2013 and is contained as net receivable in the 30 June Cfmw surplus. (\$25,000)
- (iii) - The following restricted purpose grants/contributions have been received in Municipal cash by 30th June 2013 and are contained in Note 3 Restricted Cash. This revenue is to be spent in 13/14 therefore no adjustment is required to closing funds. (\$235,375)
- (iv) - The following restricted purpose grants/contributions have been received in Municipal cash by 30th June 2013 and are contained in Note 3 Restricted Cash. They are fully restricted cash and not likely to be spent in 13/14. (\$63,024)

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.

(i) - The following grants/contributions have been received in Municipal cash but have been transferred to Restricted Reserve cash funds in 2012/13. (\$2,349,902)

(ii) - The following restricted purpose grant/contribution has not been received in Municipal/restricted cash by 30th June 2013 and is contained as net receivable in the 30 June Cfmw surplus. (\$25,000)

(iii) - The following restricted purpose grants/contributions have been received in Municipal cash by 30th June 2013 and are contained in Note 3 Restricted Cash. This revenue is to be spent in 13/14 therefore no adjustment is required to closing funds. (\$235,375)

(iv) - The following restricted purpose grants/contributions have been received in Municipal cash by 30th June 2013 and are contained in Note 3 Restricted Cash. They are fully restricted cash and not likely to be spent in 13/14. (\$63,024)

Grant/Contribution	Function/ Activity	Opening	2011/12		2012/13		Closing	Notes
		Balance (*) 30-Jun-11	Received (+) 2011/12	Expended (#) 2011/12	Balance 30-Jun-12	Received (+) 2012/13	Expended (#) 2012/13	
Department of Regional Development & Lands 11/12 - Frank Butler Community Centre		0	870,116	(870,116)	0	0	0	
Woodside Energy Contribution to Youth Shed 'Fit Out'		0	1,050,000	(940,000)	110,000	0	0	#
Department of Transport - Recreational Boating Facilities Scheme		0	32,277	(32,277)	0	0	0	
PDC Country Local Government Fund (Strategic Planning Business Case Project)		0	25,000	(25,000)	0	0	0	
Roads to Recovery 11/12		0	372,359	(372,359)	0	0	0	
Regional Road Group Funding 11/12		0	442,071	(442,071)	0	0	0	
MIRVA Direct Road Grant 11/12		0	128,836	(128,836)	0	0	0	
Financial Assistance Grant 13/14		0	0	0	0	1,787,346	0	1,787,346 (i)
Rio Tinto - Community Wickham Recreation and Community Facilities Project		0	0	0	0	250,000	0	132,087 (i)
Rio Tinto - Dampier Community Hub		0	0	0	0	500,000	0	447,556 (i)
Woodside Energy Ltd - 2013 Youth Leadership Network Program		0	0	0	0	20,000	0	17,543 (iii)
Attorney General Dept - CCTV/Graffiti Ad		0	0	0	0	90,000	0	90,000 (i)
WA Police - Karratha CCTV		0	0	0	0	25,000	0	25,000 (i)
Community Crime Prevention Grant - Lighting the Park		0	0	0	0	25,000	0	25,000 (ii)
Total		1,472,301	28,830,120	(24,256,745)	6,045,676	4,979,329	(8,351,704)	2,673,301

Notes

(year ending 30 June 2013)

3. CASH AND CASH EQUIVALENTS

	2013 \$	2012 \$
Unrestricted		
Cash on Hand	27,255	24,555
Cash at Municipal Bank	770,335	156,305
Cash at Bank LSL	0	0
Restricted - Municipal (Unspent Grants/Contributions)	166,312	394,001
Restricted - Reserves	42,684,509	76,228,218
	43,648,411	76,803,079

The following restrictions have been imposed by regulations or other externally imposed requirements:

Reserves

	2013	2012
Aerodrome	12,997,992	19,145,602
Airconditioner Replacement	0	0
Dampier Drainage	26,765	25,707
Walkington Theatre Operating	5,087	4,886
Plant Replacement	2,384,844	2,433,949
Workers Compensation	627,977	600,000
Waste Management	17,323,878	14,308,321
Infrastructure	2,880,775	12,871,764
Housing	0	1,629,434
Parks, Ovals and Recreation Facilities	0	0
Information Technology	0	0
Aged Persons Homes	71,756	78,665
Junior Sports	93,363	89,673
Public Open Space	0	263,180
History and Cultural Publications	54,498	54,265
Mosquito Control	4,792	3,442
Medical Services Incentive Scheme	259,026	264,798
Royalty for Regions	630	19,353,736
Employee Entitlements	2,240,849	2,159,674
Community Development	871,775	1,050,090
Carry Forward Budget Reserve	1,787,346	1,891,032
Restricted Funds Reserve	1,053,156	0
Heavy Haulage Roads Reserve	0	0
	42,684,509	76,228,218

Notes

(year ending 30 June 2013)

	2013	2012
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Sundry Debtors		
Rates	1,033,523	894,881
Rubbish	1,753,663	1,456,276
Legal Costs Rates	0	0
Fees and Charges for Services	169,006	77,645
Private Works	16,937	3,524
Income from Property	(5,304)	7,846
Aerodrome	3,860,725	4,577,889
Grants and Contributions	649,792	5,671,625
Reimbursements and General	124,498	32,047
Excess Rates Receipts	(187,839)	(168,595)
Staff Housing Bonds	185,188	155,138
Self Supporting Loans	2,932	2,736
Pensioner Rebates Unclaimed	0	0
Interest Free Loans	7,501	7,536
Accrued Income	1,801,905	(15,000)
Prepayments	358,113	158,952
Less Provision for Doubtful Debts	(561,770)	(661,243)
GST Receivable	568,227	304,273
	<u>9,777,096</u>	<u>12,505,530</u>
Non-Current		
Loans to Local Groups	0	7,501
Self Supporting Loans	53,402	56,335
Deferred Pensioners Rates	0	5,771
	<u>53,402</u>	<u>69,607</u>
5. INVENTORIES		
Current		
Fuel and Materials	371,352	473,797
Food, Drinks & Merchandise TienTsin Inne	33,897	28,025
Food, Drinks & Merchandise Karratha Entertainment Centre	0	1,239
Food, Drinks & Merchandise Cossack Café	3,708	4,430
Food, Drinks & Merchandise Karratha Aquatic Centre	0	2,517
Food, Drinks & Merchandise Roebourne Aquatic Centre	1,150	711
Food, Drinks & Merchandise Youth Shed	2,335	2,212
Food, Drinks & Pam Buchanan Family Centre	1,276	786
Food, Drinks & Merchandise Leisureplex	35,543	0
	<u>449,261</u>	<u>513,717</u>

Notes

(year ending 30 June 2013)

	2013	2012
	\$	\$
6. PROPERTY, PLANT AND EQUIPMENT		
Land		
Land	<u>6,379,438</u>	<u>6,409,438</u>
Buildings		
Buildings at Cost	91,870,141	94,750,315
Less Accumulated Depreciation	<u>(19,322,904)</u>	<u>(19,387,129)</u>
	72,547,237	75,363,186
Plant		
Plant at Cost	14,526,649	12,929,400
Less Accumulated Depreciation	<u>(4,249,004)</u>	<u>(3,543,199)</u>
	10,277,645	9,386,201
Equipment (External)		
Equipment (External) at Cost	3,215,032	3,459,303
Less Accumulated Depreciation	<u>(2,890,800)</u>	<u>(2,997,094)</u>
	324,232	462,209
Furniture (Internal)		
Furniture (Internal) - Cost	5,500,971	4,972,926
Less Accumulated Depreciation	<u>(3,098,964)</u>	<u>(2,495,560)</u>
	2,402,007	2,477,366
Artwork/Sculptures		
Artwork/Sculptures Assets at Cost	368,859	368,859
Less Accumulated Depreciation	<u>(33,143)</u>	<u>(25,771)</u>
	335,716	343,088
Works in Progress	<u>63,604,179</u>	<u>20,261,506</u>
	<u>155,870,454</u>	<u>114,702,994</u>

Notes

(year ending 30 June 2013)

	Land	Buildings	Plant	Equipment	Furniture	Artworks	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	6,409,438	75,363,186	9,386,201	462,209	2,477,366	343,088	20,261,506	114,702,994
Transfers	0	(43,351,691)	0	9,018	0	0	43,342,673	0
Additions	0	45,538,600	3,157,464	157,446	614,100	0	0	49,467,600
(Disposals)	(30,000)	(1,761,835)	(320,188)	(9,153)	(20,883)	0	0	(2,142,059)
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0	0
Impairment - (losses) - reversals	0	(1,558,976)	(373,627)	(61,852)	0	0	0	(1,994,455)
Depreciation (Expense)	0	(1,682,047)	(1,572,195)	(233,436)	(668,576)	(7,372)	0	(4,163,626)
Carrying amount at the end of year	6,379,438	72,547,237	10,277,645	324,232	2,402,007	335,716	63,604,179	155,870,454

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.

Notes

(year ending 30 June 2013)

	2013 \$	2012 \$
7. INFRASTRUCTURE		
Roads		
Infrastructure assets at cost	70,321,443	68,318,104
Less Accumulated Depreciation	(49,019,337)	(46,957,882)
	<u>21,302,106</u>	<u>21,360,222</u>
Footpaths		
Infrastructure assets at cost	7,999,026	6,846,552
Less Accumulated Depreciation	(4,084,588)	(3,831,307)
	<u>3,914,438</u>	<u>3,015,245</u>
Aerodromes		
Infrastructure assets at cost	54,019,711	44,324,967
Less Accumulated Depreciation	(10,914,049)	(9,300,415)
	<u>43,105,662</u>	<u>35,024,552</u>
Parks and Gardens		
Infrastructure assets at cost	11,682,302	11,196,978
Less Accumulated Depreciation	(1,127,934)	(1,014,401)
	<u>10,554,368</u>	<u>10,182,577</u>
Hardcourt Facilities		
Infrastructure assets at cost	4,467,261	3,894,066
Less Accumulated Depreciation	(1,142,626)	(1,017,950)
	<u>3,324,635</u>	<u>2,876,116</u>
Bridges and Culverts		
Infrastructure assets at cost	5,141,228	5,141,229
Less Accumulated Depreciation	(4,199,858)	(4,115,101)
	<u>941,370</u>	<u>1,026,128</u>
Drainage		
Infrastructure assets at cost	1,209,325	1,209,325
Less Accumulated Depreciation	(542,660)	(520,892)
	<u>666,665</u>	<u>688,433</u>
Boat Ramps and Jetties		
Infrastructure assets at cost	2,415,002	2,415,002
Less Accumulated Depreciation	(1,679,510)	(1,555,095)
	<u>735,492</u>	<u>859,907</u>
Miscellaneous Structures		
Infrastructure assets at cost	15,237,802	11,788,456
Less Accumulated Depreciation	(2,415,007)	(1,838,000)
	<u>12,822,795</u>	<u>9,950,456</u>
Work in Progress	<u>7,480,465</u>	<u>8,097,777</u>
	<u>104,847,996</u>	<u>93,081,413</u>

Notes

(year ending 30 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:

	Roads	Footpaths	Aerodromes	Parks and Gardens	Hardcourt Facilities	Bridges and Culverts	Drainage	Boat Ramps and Jetties	Miscellaneous Structures	Work in Progress	Total
Balance at the beginning of the year	21,360,222	3,015,245	35,024,552	10,182,577	2,876,116	1,026,128	688,433	869,807	9,960,456	8,087,777	93,081,413
Transfers	0	(233,984)	(749,937)	0	461,320	0	0	0	1,139,913	(817,312)	0
Additions	2,003,339	1,386,459	10,444,681	486,324	111,875	0	0	0	2,366,433	0	16,798,111
(Disposals)	0	0	0	0	0	0	0	0	(8,650)	0	(8,650)
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(2,061,455)	(253,280)	(1,813,634)	(113,533)	(124,675)	(94,759)	(21,768)	(124,416)	(815,395)	0	(5,012,878)
Carrying amount at the end of year	21,302,106	3,914,440	43,105,662	10,554,368	3,324,536	941,370	656,665	735,491	12,822,793	7,480,465	104,847,996

Notes

(year ending 30 June 2013)

8. TRADE AND OTHER PAYABLES

Current

Sundry Creditors	7,402,592	7,325,944
Other Liabilities	68,315	21,544
Retention Monies	348,759	67,993
Accrued Expenses	533,813	1,000,156
GST Payable	3,616	54,912
Income Received in Advance	1,193,748	474,671
	<u>9,550,845</u>	<u>8,945,220</u>

9. BORROWINGS

(a) Current

WA Treasury Loans	2,932	2,011,328
Commonwealth Bank	0	152,074
Lease Liability	0	0
	<u>2,932</u>	<u>2,163,402</u>

(b) Non-Current

WA Treasury Loans	53,402	12,583,060
Commonwealth Bank	0	79,708
Lease Liability	0	0
	<u>53,402</u>	<u>12,662,768</u>

Additional detail on borrowings is provided in Note 21.

Notes

(year ending 30 June 2013)

	Note	2013 \$	2012 \$
10. PROVISIONS			
(a) Current			
Provision for Annual Leave			
Executive Services		293,424	285,948
Corporate Services		568,749	320,166
Community Services		313,964	244,430
Development & Regulatory Services		285,040	162,170
Infrastructure & Technical Services		397,072	489,063
Waste Management		126,146	171,281
Aerodrome & TTI		131,325	128,703
Provision for Long Service Leave			
Executive Services		0	170,287
Corporate Services		345,323	64,572
Community Services		90,883	147,240
Development & Regulatory Services		283,100	114,339
Infrastructure & Technical Services		1,051,236	275,672
Waste Management		82,042	70,288
Aerodrome & TTI		96,024	29,320
	1(l)	<u>4,064,328</u>	<u>2,673,479</u>
(b) Non-Current			
Provision for Long Service Leave			
Executive Services		20,368	52,992
Corporate Services		93,178	67,088
Community Services & Development		110,321	101,140
Development & Regulatory Services		74,191	8,238
Infrastructure & Technical Services		136,022	53,687
Waste Management		31,513	29,232
Aerodrome & TTI		51,190	48,673
	1(l)	<u>516,783</u>	<u>361,050</u>

On the 29th August 2012, Fair Work Australia approved the Shire of Roebourne Enterprise Agreement 2012. This new Enterprise Agreement significantly affected the calculation of provisions in relation to Long Service Leave due to it permitting employees to apply to take pro-rata Long Service Leave on completion of each 5 years of continuous service with the Shire. This has resulted in a significant increase in the calculated provision and is more fully disclosed in note 1(l).

Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2013 \$	2012 \$
Within 12 months of the end of the reporting period	2,115,720	1,801,761
More than 12 months after the reporting period	0	0
	<u>2,115,720</u>	<u>1,801,761</u>

Notes

(year ending 30 June 2013)

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED			
(a) Aerodrome Reserve			
Opening Balance	19,145,602	15,539,128	14,296,582
Transfer From Accumulated Surplus	6,715,241	776,956	4,998,396
Transfer To Accumulated Surplus	(12,862,851)	(13,766,521)	(149,376)
Closing Balance	<u>12,997,992</u>	<u>2,549,563</u>	<u>19,145,602</u>
(b) Airconditioning Reserve			
Opening Balance	-	-	-
Transfer From Accumulated Surplus	-	-	-
Transfer To Accumulated Surplus	-	-	-
Closing Balance	<u>-</u>	<u>-</u>	<u>-</u>
(b) Dampier Drainage Reserve			
Opening Balance	25,707	25,728	24,520
Transfer From Accumulated Surplus	1,058	1,286	1,187
Transfer To Accumulated Surplus	-	-	-
Closing Balance	<u>26,765</u>	<u>27,014</u>	<u>25,707</u>
(c) Walkington Theatre Reserve			
Opening Balance	4,886	4,891	4,661
Transfer From Accumulated Surplus	201	245	225
Transfer To Accumulated Surplus	-	-	-
Closing Balance	<u>5,087</u>	<u>5,136</u>	<u>4,886</u>
(d) Plant Replacement Reserve			
Opening Balance	2,433,950	2,732,401	2,321,551
Transfer From Accumulated Surplus	1,443,939	1,184,167	112,399
Transfer To Accumulated Surplus	(1,493,044)	(1,924,638)	-
Closing Balance	<u>2,384,844</u>	<u>1,991,930</u>	<u>2,433,950</u>
(e) Workers Compensation Reserve			
Opening Balance	600,000	827,318	1,145,797
Transfer From Accumulated Surplus	27,977	41,366	55,475
Transfer To Accumulated Surplus	-	-	(601,272)
Closing Balance	<u>627,977</u>	<u>868,684</u>	<u>600,000</u>
(f) Waste Management Reserve			
Opening Balance	14,308,321	13,966,526	9,930,704
Transfer From Accumulated Surplus	3,971,244	698,326	4,377,617
Transfer To Accumulated Surplus	(955,887)	(930,385)	-
Closing Balance	<u>17,323,878</u>	<u>13,734,467</u>	<u>14,308,321</u>
(g) Infrastructure Reserve			
Opening Balance	12,871,764	12,493,432	16,331,878
Transfer From Accumulated Surplus	3,180,096	7,424,058	6,268,553
Transfer To Accumulated Surplus	(13,171,085)	(5,851,689)	(9,728,667)
Closing Balance	<u>2,880,775</u>	<u>14,065,801</u>	<u>12,871,764</u>

Notes

(year ending 30 June 2013)

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED (continued)			
(h) Housing Reserve			
Opening Balance	1,629,435	1,614,188	1,554,188
Transfer From Accumulated Surplus	628,766	80,709	75,247
Transfer To Accumulated Surplus	(2,258,200)	-	-
Closing Balance	-	1,694,897	1,629,435
(j) Parks, Ovals & Recreation Facilities Reserve			
Opening Balance	-	-	-
Transfer From Accumulated Surplus	-	-	-
Transfer To Accumulated Surplus	-	-	-
Closing Balance	-	-	-
(k) Information Technology Reserve			
Opening Balance	-	-	-
Transfer From Accumulated Surplus	-	-	-
Transfer To Accumulated Surplus	-	-	-
Closing Balance	-	-	-
(i) Aged Persons Units Reserve			
Opening Balance	78,665	78,735	75,032
Transfer From Accumulated Surplus	3,091	3,937	3,633
Transfer To Accumulated Surplus	(10,000)	-	-
Closing Balance	71,756	82,672	78,665
(j) Junior Sport Reserve			
Opening Balance	89,673	89,749	85,532
Transfer From Accumulated Surplus	3,690	4,487	4,141
Transfer To Accumulated Surplus	-	-	-
Closing Balance	93,363	94,236	89,673
(k) Public Open Space Reserve			
Opening Balance	263,179	690,553	1,644,488
Transfer From Accumulated Surplus	10,024	34,528	58,825
Transfer To Accumulated Surplus	(273,203)	-	(1,440,134)
Closing Balance	-	725,081	263,179
(l) History & Cultural Publications Reserve			
Opening Balance	54,265	54,312	51,759
Transfer From Accumulated Surplus	2,233	2,716	2,506
Transfer To Accumulated Surplus	(2,000)	-	-
Closing Balance	54,498	57,028	54,265
(m) Mosquito Control Reserve			
Opening Balance	3,442	3,420	2,759
Transfer From Accumulated Surplus	1,350	771	683
Transfer To Accumulated Surplus	-	-	-
Closing Balance	4,792	4,191	3,442

Notes

(year ending 30 June 2013)

	2013 \$	2013 Budget \$	2012 \$
11. RESERVES - CASH BACKED (continued)			
(n) Medical Services Assistance Package Reserve			
Opening Balance	264,797	165,027	252,569
Transfer From Accumulated Surplus	10,896	8,251	12,228
Transfer To Accumulated Surplus	(16,667)	-	-
Closing Balance	259,026	173,278	264,797
(o) Royalties for Regions Reserve			
Opening Balance	19,353,736	16,768,342	35,928,408
Transfer From Accumulated Surplus	242,826	838,417	1,211,013
Transfer To Accumulated Surplus	(19,595,932)	(15,077,394)	(17,785,685)
Closing Balance	630	2,529,365	19,353,736
(p) Employee Entitlement Reserve			
Opening Balance	2,159,674	656,842	-
Transfer From Accumulated Surplus	81,175	32,842	2,159,674
Transfer To Accumulated Surplus	-	-	-
Closing Balance	2,240,849	689,684	2,159,674
(q) Community Development Reserve			
Opening Balance	1,050,090	829,305	-
Transfer From Accumulated Surplus	701,997	641,465	1,337,335
Transfer To Accumulated Surplus	(880,313)	(600,000)	(287,245)
Closing Balance	871,775	870,770	1,050,090
(r) Carry Forward Budget Reserve			
Opening Balance	1,891,032	-	-
Transfer From Accumulated Surplus	1,787,346	-	1,891,032
Transfer To Accumulated Surplus	(1,891,032)	-	-
Closing Balance	1,787,346	-	1,891,032
(s) Restricted Funds Reserve			
Opening Balance	-	-	-
Transfer From Accumulated Surplus	1,053,156	-	-
Transfer To Accumulated Surplus	-	-	-
Closing Balance	1,053,156	-	-
(t) Heavy Haulage Roads Reserve			
Opening Balance	-	-	-
Transfer From Accumulated Surplus	-	-	-
Transfer To Accumulated Surplus	-	-	-
Closing Balance	-	-	-
Summary			
Opening Balance	76,228,218	66,539,897	83,650,428
Transfer From Accumulated Surplus	19,866,305	11,774,527	22,570,169
Transfer To Accumulated Surplus	(53,410,013)	(38,150,627)	(29,992,379)
Closing Balance	42,684,510	40,163,797	76,228,218

Notes

(year ending 30 June 2013)

11. RESERVES - CASH BACKED (continued)

Aerodrome Reserve

The purpose of this reserve is to fund the development, operation and maintenance of the Karratha airport inclusive of repayments of borrowings and the funding of employee entitlements.

Airconditioning Reserve

The purpose of this reserve is to fund upgrades to major Airconditioning plant.

Dampier Drainage Reserve

This reserve is maintained as part of an agreement between Council and Hamersley Iron, the purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron contribute \$10,000 each year and any surplus funds are placed in the reserve.

Walkington Theatre Reserve

The purpose of this reserve is to fund the operation and capital works of the Walkington Theatre.

Plant Replacement Reserve

The purpose of this reserve is to fund the capital purchase of plant and equipment .

Workers Compensation Reserve

The purpose of this reserve is to provide Council with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the Shire of Roebourne is a member. Funds within the Reserve that become surplus to requirements will be transferred to Council's Employee Entitlements Reserve via way of Council's Annual Budget.

Waste Management Reserve

The purpose of this reserve is to fund the development, operation and maintenance of the Council's Waste Management facilities inclusive of repayments of borrowings and the funding of employee entitlements.

Infrastructure Reserve

The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement refurbishment and purchase of Infrastructure assets or project works of the Shire of Roebourne inclusive of any associated repayment of borrowings on infrastructure. Project works funded from this reserve may not necessarily belong to the Shire of Roebourne but must be carried out for the ultimate benefit of the Shire of Roebourne.

Housing Reserve

The purpose of this reserve is to fund the maintenance, refurbishment, replacement and construction of staff housing inclusive of the purchase of land and repayment of borrowings.

Parks, Ovals & Recreation Facilities Reserve

The purpose of this reserve is to fund the development/replacement of Parks, Ovals and Recreation Facilities.

Information Technology Reserve

This Reserve was created in June 2004 for the specific purpose of replacing major items relating to Council's Information Technology. Major organisational software upgrades will be sourced from this fund as well.

Aged Persons Units Reserve

The purpose of this reserve is to assist in the transfer of Seniors from the current senior's village on Welcome Road to the new village provisioned by the State Government.

Notes

(year ending 30 June 2013)

11. RESERVES - CASH BACKED (continued)

Junior Sport Reserve

The purpose of this Reserve is to fund the development of junior sport within the Shire of Roebourne including infrastructure.

Public Open Space Reserve

The purpose of this reserve is to fund future developments of public open spaces funded by proceeds from the undertaking of Land transactions and Community Contributions received for the purpose of Public Open Space.

History & Cultural Publications Reserve

The purpose of this reserve is to fund future history and cultural publications. The income is generated from the sale of these publications.

Mosquito Control Reserve

The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.

Medical Services Assistance Package Reserve

The purpose of this reserve is to fund future assistance to Medical Services in accordance with Council's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.

Royalties for Regions

The purpose of this reserve is to hold unexpended grant revenues, and associated interest, from the State Government's Royalties for Regions programme.

Underground Power Reserve

The purpose of this reserve is to secure the unspent portions of borrowings pertaining to the Shire of Roebourne's 25% share of costs in relation to the Pilbara Underground Power Project.

Employee Entitlements Reserve

The purpose of this reserve is to fund employee leave entitlements when on extended leave, including long service leave as well as periods of annual Leave for periods of greater than four weeks duration thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.

Community Development Reserve

The purpose of this reserve is to hold Annual Community Association Development Scheme unspent payments each year and to fund approved projects initiated by Community Associations via the Annual Community Association Development Scheme.

Carry Forward Budget Reserve

This reserve is for the purpose of preserving project funds carried over.

Restricted Funds Reserve

The reserve is for the purpose of holding unexpended or prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.

Heavy Haulage Roads Reserve

The reserve is for the purpose of funding the maintenance of Heavy Haulage Roads

Notes

(year ending 30 June 2013)

12. RESERVES - ASSET REVALUATION

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

	2013 \$	2012 \$
Land		
Opening balance	3,089,552	3,594,711
Revaluation Increment	0	0
Revaluation Decrement	0	(505,159)
Closing Balance	<u>3,089,552</u>	<u>3,089,552</u>
Buildings		
Opening Balance	14,379,544	8,086,099
Revaluation Increment	0	6,293,445
Revaluation Decrement	(1,558,976)	0
Closing Balance	<u>12,820,568</u>	<u>14,379,544</u>
Artwork		
Opening Balance	200	200
Revaluation Increment	0	0
Revaluation Decrement	0	0
Closing Balance	<u>200</u>	<u>200</u>
Plant and Equipment		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
Closing Balance	<u>0</u>	<u>0</u>
	<u>15,910,320</u>	<u>17,469,296</u>

Notes

(year ending 30 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	43,648,411	44,362,358	76,803,079
Borrowings - Short Term	0	0	0
	<u>43,648,411</u>	<u>44,362,358</u>	<u>76,803,079</u>

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

Net Result	33,576,816	30,362,298	42,453,930
Amortisation	0	0	0
Movement in Work in Progress	0	0	0
Depreciation	9,176,504	8,541,215	8,446,204
(Profit)/Loss on Sale of Asset	1,816,206	(72,986)	112,497
Writedown in Fair Value of Investments	(1,994,455)	0	0
(Increase)/Decrease in Receivables	2,296,956	2,000,000	1,142,436
(Increase)/Decrease in Inventories	64,456	50,000	(242,889)
Increase/(Decrease) in Payables	271,441	(2,500,000)	(771,971)
Increase/(Decrease) in Employee Provisions	1,447,109	32,842	602,060
Grants/Contributions for the Development of Assets	(11,251,898)	(19,634,172)	(24,312,866)
Net Cash from Operating Activities	<u>35,403,136</u>	<u>18,779,197</u>	<u>27,429,401</u>

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

Bank Overdraft limit	1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	150,000	80,000	80,000
Credit Card Balance at Balance Date	65,795	36,650	80,000
Total Amount of Credit Unused	<u>1,215,795</u>	<u>1,116,650</u>	<u>1,160,000</u>
Loan Facilities			
Loan Facilities - Current	2,932	0	2,011,328
Loan Facilities - Non-Current	53,402	14,826,166	79,708
Total Facilities In Use at Balance Date	<u>56,334</u>	<u>14,826,166</u>	<u>2,091,036</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>0</u>

Council undertook an early repayment programme significant non current debt as recognised in the 2012/13 budget reviews.

Notes

(year ending 30 June 2013)

14. CONTINGENT LIABILITIES

During the financial year, the Shire continued to provide the following Bank Guarantee with the Westpac Bank Corporation for the Nor West Jockey Club for their overdraft facility

	2013	2012
	\$	\$
Nor West Jockey Club		
Amount of original guarantee	65,000	65,000
Amount required as at 30 June	65,000	65,000

A claim for work alleged to have been done for the Shire before termination of a contract was pending mediation as at 30th June and is ongoing. The amount of the claim is \$73,670.54.

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

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

	2013	2012
	\$	\$
Payable:		
not later than one year	949,488	1,310,024
later than one year but not later than five years	178,934	209,609
later than five years	0	0
	<u>1,128,402</u>	<u>1,519,633</u>

Operating Lease commitments for the year ended 30th June 2013 existed for leased Shire Vehicles and Staff Housing

(b) Capital Expenditure Commitments

At the reporting date the Shire had entered into contracts for the following:

Not later than one year		
Frank Butler Community Facility (Previously Bulgarra)	0	13,209
New Civic Centre	244,424	0
Pam Buchanan Family Centre (Previously Baynton West)	0	28,443
Karratha Leisureplex	4,485,926	39,106,410
Karratha/Wickham/Roebourne SES	2,133,433	0
Cossack Building Improvements	137,450	0
Bulgarra Oval Playground	0	103,807
Catrrail Park Upgrade	0	47,639
Karratha Airport Low Voltage Upgrade	0	5,378,259
Karratha Youth Shed	60,000	46,096
Dalgety House	43,056	0
Karratha Water Infrastructure Upgrade	1,641,530	9,633,325
Effluent Systems Upgrade	600,000	144,875
Dampier Community Hub	1,316,614	0
Karratha Airport Terminal	1,124,680	0
CCTV Installation	175,000	0
Church Park Shade Shelter	150,000	0
Staff Housing	1,684,284	0
7 Mile Building Improvements	2,871,617	0
Skate park Program	400,000	0
Roebourne Skate Park	600,000	0
Various Outstanding Purchase Orders	2,862	165,527
	<u>17,670,876</u>	<u>54,667,590</u>
Later than one year but not later than two years		
Karratha Leisureplex	0	9,077,161
Dampier Community Hub	16,368,967	0
	<u>16,368,967</u>	<u>0</u>

Notes

(year ending 30 June 2013)

16. JOINT VENTURE

Council has previously entered into a joint venture agreement with the State Housing Commission to construct 6 Aged Persons Units. Council received rent charged and were responsible for the maintenance and management of the units. An amount equivalent to 1% of the current replacement cost of the properties was set aside from the annual rental income, per annum, for the long term maintenance needs of the joint venture.

Council Resolved at OCM held 21st May 2012 to terminate the Joint Venture Agreement via Resolution #152078. The asset was disposed in November 2012 and forms part of Note 20

	2013	2012
	\$	\$
Non-Current Assets		
Buildings	359,475	359,475
Less: Accumulated Depreciation	(54,087)	(51,907)
(Profit)/Loss on Disposal	(305,388)	0
	<u>0</u>	<u>307,568</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	60,873	0
General Purpose Funding	9,140,688	9,096,728
Law, Order, Public Safety	1,300,599	904,258
Health	652,853	736,126
Education and Welfare	3,574,168	3,536,468
Housing	24,418,845	24,455,570
Community Amenities	8,534,750	6,631,553
Recreation and Culture	120,618,109	73,739,622
Transport	90,586,373	87,494,250
Economic Services	494,731	195,707
Other Property and Services	1,336,462	994,126
Unallocated	53,928,169	89,891,932
	<u>314,646,620</u>	<u>297,676,340</u>

Notes

(year ending 30 June 2013)

	2013	2012	2011
18. FINANCIAL RATIOS			
Current Ratio	1.008	1.847	1.726
Asset Sustainability Ratio	7.220	6.279	4.996
Debt Service Cover Ratio	1.939	7.035	10.416
Operating Surplus Ratio	0.257	0.270	0.339
Own Source Revenue Coverage Ratio	1.121	1.162	1.281
The above ratios are calculated as follows:			
CURRENT RATIO		Note	
Current Assets		53,874,768	
Less Restricted Current Assets		42,850,822	
- Reserve cash at bank	3	42,684,510	
- Restricted Unspent Grants/Contributions	3	166,312	
		=	1.008
Current Liabilities		13,618,105	
Less Liabs Assoc with Rest Curr Assets		2,679,321	
- Leave provisions assoc with Waste & Aero	10	435,537	
- Loan principal repayments 13/14	9(a)	2,935	
- Leave Provisions (EMPL Reserve)	11(p)	2,240,849	
ASSET SUSTAINABILITY RATIO			
Capital Renewal and Replacement Expenditure	6&7	66,255,709	
Depreciation Expense	2(a)	9,176,504	
		=	7.220
DEBT SERVICE COVER RATIO			
Annual operating surplus before interest and depreciation		31,327,564	
- operating revenue		103,966,671	
- less: specific purpose grants & contributions		11,251,898	
- less: operating expense		71,948,831	
- add: interest expense	2(a)	1,385,118	
- add: depreciation	2(a)	9,176,504	
		=	1.939
Principal and interest		16,154,950	
- principal repayments on loans	21(a)	14,769,832	
- interest repayments on loans	21(a)	1,385,118	

Notes

(year ending 30 June 2013)

18. FINANCIAL RATIOS (Continued)			
OPERATING SURPLUS RATIO			
Operating revenue minus operating expense		20,765,942	
- operating revenue		103,966,671	
- less: specific purpose grants & contributions	28	11,251,898	
- less: operating expense		71,948,831	
		=	0.257
Own source operating revenue		80,689,791	
- rates and service charges	22	29,047,976	
- add: fees and user charges	27	48,515,984	
- add: reimbursements and recoveries		124,498	
- add: interest income	2(a)	2,970,801	
- add: profit on disposal of assets	20	30,532	
OWN SOURCE REVENUE RATIO			
Own source operating revenue		80,689,791	
- rates and service charges	22	29,047,976	
- add: fees and user charges	27	48,515,984	
- add: reimbursements and recoveries		124,498	
- add: interest income	2(a)	2,970,801	
- add: profit on disposal of assets	20	30,532	
		=	1.121
Operating expense		71,948,831	

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 68 of this document.

The following information is to be considered when calculating the above ratios:

The current liability for long service and annual leave provision associated with Airport and Waste Department employees is reserve backed and therefore has been excluded from current ratio current liabilities (\$435,537).

Notes

(year ending 30 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 30-Jun-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Building/Kerb Deposits	12,791	3,351	0	16,142
BCITF Levy	0	0	0	0
Hall Hire Bonds	8,995	16,540	(15,980)	9,555
Pool Hire Bonds	0	0	0	0
Verge Bonds	500,000	374,000	(423,000)	451,000
BRB Levy	0	0	0	0
Retention Funds	657,258	0	(597,684)	59,574
Staff Housing Bonds	11,313	15,860	(16,104)	11,069
Staff Airport Parking Cards	1,250	650	(450)	1,450
Nomination Deposits	80	0	0	80
Other Deposits				
Bonds & Guarantees	2,032,306	1,247,783	(1,008,243)	2,271,846
Bonds & Guarantees (old)	2,520	0	0	2,520
Kerb Deposits (old)	2,800	0	0	2,800
Stale Cheques	3,915	0	0	3,915
ATM Monies	820	0	0	820
Unclaimed Wages	37	0	0	37
NADC Research Funds	805	0	0	805
Staff Travel Allowances	44,942	44,100	(32,748)	56,294
	<u>3,279,832</u>			<u>2,887,907</u>

Notes

(year ending 30 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 \$
Buildings						
10000001 KAC - Shade over play ground	3,759	0	1,273	0	(2,487)	0
10000007 Wickham SES Carport	1,832	0	0	0	(1,832)	0
10000031 KAC - Shade Port	1,160	0	0	0	(1,160)	0
10000032 KAC - Shade	929	0	0	0	(929)	0
10000039 Aged Care Units Basset Road	305,388	0	0	0	(305,388)	0
10000048 KAC - Shade over leamer's pool	29,250	0	0	0	(29,250)	0
11110001 KAC - Shade over small pool	6,162	0	0	0	(6,162)	0
11110002 KAC - Shade Shelters	0	0	0	0	0	0
15100010 KAC - Shade over 50m pool	172,746	0	0	0	(172,746)	0
16200001 Karratha Aquatic Centre	969,326	0	0	0	(969,326)	0
16300008 Roebourne Recreation Centre	193,711	0	0	0	(193,711)	0
18100002 Roebourne Tourist Centre	77,571	0	0	0	(77,571)	0
Plant						
40000109 P753 Vermeer Mulcher	1,178	0	4,000	5,000	2,822	(5,000)
40000111 P893 Nissan Trayback Truck	0	0	9,500	19,000	9,500	(19,000)
40000164 P813 Volvo L60E Loader	0	0	51,000	30,000	51,000	(30,000)
40000168 P896 Squirrel Cherry Picker - not sold	0	6,534	0	8,000	0	(1,466)
40000211 P814 Caterpillar Grader 12H	101,994	92,728	127,000	138,000	25,006	(45,272)
40000279 P232 Honda Quad Bike	2,621	2,628	4,773	5,000	2,151	(2,372)
40000280 P233 Honda Quad Bike	2,621	2,628	4,545	5,000	1,924	(2,372)
40000281 P234 Honda Quad Bike	2,621	2,628	4,545	5,000	1,924	(2,372)
40000298 P907 Acco Side Load Rubbish Truck	76,751	73,255	46,000	44,000	(30,751)	29,255
40000308 P248 Holden Colorado	10,468	12,014	10,000	15,900	(468)	(3,886)
40000319 P058 Holden Colorado - not sold	0	18,748	0	19,000	0	(252)
40000350 P7000 Walker Mower	21,779	0	1,000	0	(20,779)	0
40000351 P7001 Walker Mower	21,779	0	1,000	0	(20,779)	0
40000380 P2013 Toyota Hilux	25,224	28,525	18,182	24,000	(7,043)	4,525
40000382 P1005 Toyota Hilux - not sold	0	23,545	0	22,050	0	1,495
40000384 P1010 Honda Accord	33,681	0	20,909	0	(12,772)	0
45135114 P35114 Postandem Trailer	0	0	1,000	400	1,000	(400)
46335334 P35334 Tandem Axle Trailer	0	0	600	300	600	(300)
Furniture & Equipment						
30000019 34cm Sharp Television	0	0	0	0	0	0
30000154 PA System Portable Sontec	0	0	0	0	0	0
30000297 Workstation & Mobile Drawers	0	0	0	0	0	0
30000300 Panasonic Camera VHS	0	0	0	0	0	0
30000331 Sharp AR205 Digital Copier	0	0	0	0	0	0
30000335 Arcus STW Water Cooler	0	0	0	0	0	0
30000347 Storage Cabinet	0	0	70	0	70	0
30000356 Corner Workstation	0	0	2	0	2	0
30000381 7 pce Austin Outdoor Setting	0	0	0	0	0	0
30000382 7 pce Austin Outdoor Setting	0	0	0	0	0	0
30000462 Ranger's Office Furniture	25	0	0	0	(25)	0
30000504 Sharp ERA420 Cash Register	0	0	0	0	0	0
30000615 Audio System - Fitness	0	0	0	0	0	0
30000622 Pay Phone Trendek	0	0	0	0	0	0
30000676 Konica Minolta	351	0	0	0	(351)	0
30000680 Cornelius Ice Maker	3,022	0	600	0	(2,422)	0
30000683 Asmi Modem	0	0	0	0	0	0
30000763 Planex Cabinet	570	0	25	0	(545)	0
30000766 Dell Optiplex 745	0	0	0	0	0	0
30000787 CCTV Karratha Aquatic Centre	0	0	0	0	0	0
30000844 Vertex Marine Portable Radio	0	0	0	0	0	0
30000845 Vertex Marine Portable Radio	0	0	0	0	0	0
30000846 Vertex Marine Portable Radio	0	0	0	0	0	0
30000847 Vertex Marine Portable Radio	0	0	0	0	0	0
30000898 HP DC780 Desktop Computer	0	0	0	0	0	0
30000913 HP DC780 Desktop Computer	0	0	0	0	0	0

Notes

(year ending 30 June 2013)

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR (Continued)

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Furniture & Equipment (Continued)						
30000954 Chair - Drafting Atlas	179	0	0	0	(179)	0
30000955 Chair - Task Atlas	147	0	0	0	(147)	0
30001079 Aquarun Multi Challenge Slide	8,327	0	0	0	(8,327)	0
30001120 Aquabubble unit & air blower	1,271	0	0	0	(1,271)	0
30001149 SX Pump	6,068	0	0	0	(6,068)	0
30202508 Wall unit	0	0	20	0	20	0
30202756 Vertical Plan Press	0	0	0	0	0	0
31140008 Melamin Library Shelving	0	0	2	0	2	0
35100002 Fisher & Paykel 280L Chest Freezer	0	0	20	0	20	0
36401506 2 Book Shelves	0	0	2	0	2	0
36401516 Gas Lift Chairs	0	0	0	0	0	0
36401522 Video Cabinets	0	0	20	0	20	0
36401523 Bookshelf	0	0	0	0	0	0
Equipment						
20000001 Sand Filter	0	0	0	0	0	0
20000006 P406 Toro Yard Vac	0	0	150	50	150	(50)
20000196 Granita Ice Slushy Machine	0	0	0	0	0	0
20000201 Start poles/Lane Ropes	0	0	0	0	0	0
20000234 Western Inflatable Pool Equip	0	0	0	0	0	0
20000239 Electric Hoist	0	0	0	0	0	0
20000264 Pool Cleaner Expert Pro600	0	0	0	0	0	0
20000301 Pool Hoist Lift	0	0	0	0	0	0
20000305 50m Maxi Lane Ropes	0	0	0	0	0	0
20000310 Buccaneer Assault Course	0	0	0	0	0	0
20000311 Heavy Duty Blower & Hose	0	0	0	0	0	0
20000314 P515 Brushcutter FS480	0	0	60	50	60	(50)
20000321 Chlorinator	0	0	0	0	0	0
20000322 P490 Toro Vacuum	0	0	400	0	400	0
20000323 P491 Toro Vacuum	0	0	0	0	0	0
20000331 P492 Fire Pump Assembly	0	0	0	0	0	0
20000334 Pool Cleaner Expert Pro600	0	0	0	0	0	0
20000445 Chadson Mk1 BT Vacuum	0	0	0	0	0	0
20000451 Swim Platform	378	0	0	0	(378)	0
20000452 P499 Spitwater	0	0	500	100	500	(100)
20000453 Pool Cleaner Removal Trolley	0	0	0	0	0	0
20000455 Chlorine Gas Regulator	0	0	0	0	0	0
20000456 Hydra Sentinel Chlorine Shutdown	0	0	0	0	0	0
20000458 P273 John Deere Lawn Tractor	0	0	1,600	400	1,600	(400)
20000482 Grease Kit	0	0	0	0	0	0
20000486 P531 Stihl Brushcutter	0	0	90	50	90	(50)
20000489 P534 Stihl Brushcutter	0	0	0	50	0	(50)
20000514 Vertex Marine Portable Radio	111	0	0	0	(111)	0
20000515 Ultramax Pool Cleaner	3,495	0	0	0	(3,495)	0
20000531 P4000 Kubota Water Pump & Hose	0	0	450	0	450	0
20000558 P5012 Stihl Brushcutter	0	128	0	50	0	78
20000560 P5014 Stihl Brushcutter	0	155	70	50	70	105
20000562 P5015 Stihl Brushcutter	0	155	70	50	70	105
20000564 P5017 Stihl Brushcutter	0	128	0	50	0	78
20000575 Lane Ropes 50m & 25m	1,405	0	0	0	(1,405)	0
20000576 Inline Grunfos Pump	0	0	0	0	0	0
20000583 Grunfos Pumps	207	0	0	0	(207)	0
20000590 P5021 Stihl Brushcutter	278	0	10	0	(268)	0
20000593 Arcus Wall Mounted Drinking Unit	474	0	0	0	(474)	0
20000594 Ultramax Smart Pool Cleaner	2,806	0	0	0	(2,806)	0
26200002 Oxyviva 3 Resuscitator	0	0	0	0	0	0

Notes

(year ending 30 June 2013)

20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR (Continued)

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Equipment (Continued)						
26315370 P15370 lngs 12' Turf Cutter	0	0	125	50	125	(50)
26315841 P15841 Alroh Dethatcher	0	0	200	50	200	(50)
29000240 Wickham 2 way base station	0	0	0	0	0	0
29000241 Karratha 2 way base station	0	0	0	0	0	0
Infrastructure						
Play Equipment - Pt Samson Community Park	8,648	0	0	0	(8,648)	0
	2,150,708	286,264	334,502	359,250	(1,816,206)	(72,986)

Notes
(year ending 30 June 2013)

(d) Overdraft
Council established an overdraft facility of \$1,000,000 with Westpac Banking Corporation to assist with short term liquidity requirements. The balance of the bank overdraft at 30 June 2013 was \$0 (2012 was Nil). The facility was renewed for 12 months.

(c) Unspent Debentures
There were no unspent debentures in 2012/13

(b) New Debentures - 2012/13
No new debentures were raised in 2012/13

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

All other loan repayments were financed by general purpose & reserve revenue.

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments \$		Principal 30-Jun-13 \$		Interest Repayments \$	
			Actual	Budget	Actual	Budget	Actual	Budget
88-Chamber of Commerce	59,070	0	2,735	2,735	56,334	56,335	4,073	4,306
91-Administration Building Renovation	1,558,753	0	1,558,753	1,558,754	0	1,558,754	85,977	114,038
92-Aged Persons Units	0	0	0	0	0	28,757	0	2,590
93-Wickham Transfer Station	231,782	0	231,782	154,546	0	231,782	10,274	21,946
94-Staff Housing	3,904,776	0	3,904,776	3,820,437	0	3,820,437	634,957	259,031
95-Staff Housing	362,501	0	362,501	0	0	362,501	22,052	26,521
96-Cossack Infrastructure	0	0	0	0	0	0	0	22,281
98-Karratha Airport Upgrade	7,478,544	0	7,478,544	7,478,544	0	7,132,139	529,250	394,805
99-Plant Purchases 10/11	1,230,741	0	1,230,741	1,230,740	0	1	98,525	82,190
	14,826,166	0	14,759,832	10,425,319	56,334	13,191,705	1,386,118	927,708

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Budget Total Revenue \$	Budget Back Rate \$	Budget Interim Rate \$	Budget Rate Revenue \$	Total Revenue \$	Back Rates \$	Interim Rates \$	Rate Revenue \$	Rateable Value \$	Number of Properties	Rate in \$	Minimum \$
Residential	11,353,862			11,353,861	11,353,861			432,067,180	432,067,180	5,672	0.0262782	
Commercial/Tourism/Town Centre/Airport/Industry/Mixed Business	5,338,209			5,338,208	5,338,208			101,571,811	101,571,811	836	0.0525570	
Transfer/Workforce Accommodation/Industrial/Other	5,913,644		600,000	5,913,644	5,913,644		693,091	30,804,302	30,804,302	372	0.0916100	
Interim Rates	600,000	20,000			19,880	19,880						
Back Rates												
Sub-Totals	25,348,352	20,000	600,000	25,348,352	26,242,355	19,880	761,280	654,391,130	654,391,130	7,136	Minimum	
General Unimproved (UV Strategic Industry/ Mining)	2,496,791			2,496,792	2,496,792			20,779,085	20,779,085	211	0.120159	
Pastoral	245,849			245,849	245,849			4,092,100	4,092,100	11	0.060079	
Prospecting										9		
Interim Rates												
Back Rates												
Sub-Totals	2,742,640			2,742,641	2,742,641			24,871,185	24,871,185	231	Minimum	
General Unimproved (UV Strategic Industry/ Mining)	1,904,349			1,904,349	1,904,349			1,904,349	1,904,349	1,583	1.203	
Prospecting	357,291			357,291	357,291			357,291	357,291	297	1.203	
Interim Rates										(4)		
Back Rates												
Sub-Totals	2,346,060			2,346,060	2,346,060		(28,023)	5,159,977	5,159,977	2,108	Minimum	
Ex-Gratia Rates												
Cossack Rates Concession												
Pastoral Rates Concession												
Rates Written Off												
Excess Rates Receipts												
Discounts (refer note 25)												
Totals	28,801,063			28,801,063	29,947,976			29,947,976	29,947,976			

22. RATE TYPE

Rate Type	Differential General Rate	Gross Rental Values	Unimproved Values	General Unimproved (UV Strategic Industry/ Mining)	Pastoral	Prospecting	Interim Rates	Back Rates	Sub-Totals	Minimum	Gross Rental Values	Unimproved Values	General Unimproved (UV Strategic Industry/ Mining)	Pastoral	Prospecting	Interim Rates	Back Rates	Sub-Totals	Ex-Gratia Rates	Cossack Rates Concession	Pastoral Rates Concession	Rates Written Off	Excess Rates Receipts	Discounts (refer note 25)	Totals
Residential																									
Commercial/Tourism/Town Centre/Airport/Industry/Mixed Business																									
Interim Rates																									
Back Rates																									
Sub-Totals																									
General Unimproved (UV Strategic Industry/ Mining)																									
Pastoral																									
Prospecting																									
Interim Rates																									
Back Rates																									
Sub-Totals																									
Ex-Gratia Rates																									
Cossack Rates Concession																									
Pastoral Rates Concession																									
Rates Written Off																									
Excess Rates Receipts																									
Discounts (refer note 25)																									
Totals																									

Notes

(year ending 30 June 2013)

23. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

No Specified area rates were raised in the 2012/13 financial year.

24. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

No Service Charges were imposed in the 2012/13 financial year.

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

	Type	Total Cost/ Value \$	Budget Cost/ Value \$
Cossack Rate Concession	Concession	21,907	21,907
Pastoral Rate Concession	Concession	116,442	116,442
		138,349	138,349
Rate Assessment	Write-Offs	19,471	10,000
		157,820	148,349

No discount on rates were granted to rate payers in the 2012/13 financial year.

The above concessions & rates write-offs were granted to rate payers in the 2012/13 financial year as per Council Resolutions 152112.

Rate payers who paid their rates and rubbish collection charges in full by the due date (35 days from date of issue) were eligible for the rates incentive scheme as outlined in our 2012/13 Budget Note 12.

Notes

(year ending 30 June 2013)

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates & Rubbish	11.00%		200,767	120,000
Interest / Charges on Instalments	5.50%	10.00	119,169	95,000
			319,936	215,000

Option No. 1

No. Of Payments One

Payments Due 1) Monday 26 August 2013

Option No. 2

No. Of Payments Two

Payments Due 1) Monday 26 August 2013
2) Monday 28 October 2013**Option No. 3**

No. Of Payments Four

Payments Due 1) Monday 26 August 2013
2) Monday 28 October 2013
3) Monday 30 December 2013
4) Monday 3 March 2014**27. FEES & CHARGES**

	2013 \$	2012 \$
Governance	110,203	11,673
General Purpose Funding	174,859	171,999
Law, Order, Public Safety	50,563	42,378
Health	108,059	62,618
Education and Welfare	53,992	63,808
Housing	298,063	279,578
Community Amenities	14,761,980	11,876,574
Recreation and Culture	2,654,554	1,539,160
Transport	28,923,364	24,258,961
Economic Services	1,093,407	1,507,166
Other Property and Services	286,940	300,426
	<u>48,515,984</u>	<u>40,114,341</u>

During the financial year ended 30th June 2013, Council resolved (Res No: 152207) to amend the 2012/13 Adopted Airport Fees and Charges to include the following:

a) General Administration Fee	\$ 35.00 (GST Incl)
b) Lost Ticket Fee	\$ 200.00 (GST Incl)

Notes

(year ending 30 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	10,444,600	7,922,156
Non-Operating Grants, Subsidies and Contributions	11,251,898	24,312,866
	<u>21,696,498</u>	<u>32,235,023</u>
By Program:		
Governance	60,190	112,210
General Purpose Funding	3,159,836	4,546,155
Law, Order, Public Safety	993,616	852,646
Health	95,117	55,929
Education and Welfare	0	19,491
Housing	12,000	0
Community Amenities	1,816,583	167,788
Recreation and Culture	12,871,092	24,798,986
Transport	2,236,396	1,570,777
Economic Services	449,739	102,669
Other Property and Services	1,929	8,371
	<u>21,696,498</u>	<u>32,235,022</u>

29. ELECTED MEMBERS REMUNERATION

The Local Government Act 1995 provides for the payment to Councillors of the following fees, expenses and allowances

	2013 \$	2013 Budget \$	2012 \$
Sitting Fees			
Shire President at \$14,000 per year	14,000	14,000	13,841
Deputy President at \$7,000 per year	7,000	7,000	6,841
8 Councillors at \$7,000 per year	59,236	63,000	56,438
Local Government Allowance			
Shire President at \$60,000 per year	60,000	60,000	58,637
Deputy President at \$15,000 per year (25% of President's Allowance)	15,000	15,000	14,659
Telephone Expenses			
10 Councillors at \$2,400 per year	24,508	26,400	24,096
Information Technology			
10 Councillors at \$1,000 per year	11,061	11,000	10,040
Other Expenses			
Childcare (actual costs or \$20/hour whichever is lower)	0	0	2,500
Travelling expenses (as per Local Govt Officers Award)	37,187	20,000	10,756
Councillors receive a Professional Development Allowance of \$5,500 which covers costs associated with Conferences	16,174	76,100	43,162
President's Discretionary Fund (Council Related Expenses)	3,660	7,600	4,413
	<u>247,826</u>	<u>300,100</u>	<u>245,383</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2013	2012
	<u>247</u>	<u>246</u>

Notes

(year ending 30 June 2013)

31. MAJOR LAND TRANSACTIONS**Residential Subdivision**

(a) Details

Council endorsed the Business Plan for Major Land Transactions titled:

"Purchase, Develop and dispose of Land - Part of Lot 4933, Karratha Reserve 32335 and Lot 837 Clarkson Way, Karratha and Part of Lot 4655 Karratha Reserve 40041" and authorised proceedings with the purchase, development and sale of said land at the Ordinary Council Meeting of 16 June 2009, resolution number 14389.

The plan provided for the development of 21 freehold lots with 10 to be utilised for staff housing, 2 lots for GPs under the Medical Services Package and the remaining 9 lots to be disposed of in accordance with s3.58(2) of the Local Government Act 1995.

Development of the lots was completed in 2009/10.

The Council had 9 lots available for sale in accordance with the 2009/10 business plan. Two of the lots are subject to Native Land Title and will not be transferred to the Council if clearance cannot be secured. Four lots were sold in the 2009/10 year. The remaining three lots were sold in 2010/11, as described below. No further Land transactions occurred in 2012/13.

(b) Current year transactions

There were no transactions in relation to this matter in 2012/13.

There are no liabilities in relation to this land transaction as at 30 June 2013.

Land Development

(a) Details

Council has proposed to commence in 2013/14 the development phase of a Major Land Transaction associated with the Lazy Lands initiative for future residential infill development within the Karratha townsite.

Five (5) Lots are under consideration being:

Site	Legal and general land description	Reserve Status	Lot Area
1	Lot 602 on Deposited Plan 70632 and wholly contained within Certificate of Crown Land Volume LR3161, Folio 550	Parklands and Drainage	913m ²
2	Lot 602 Pelusey Way, Nickol Lot 611 on Deposited Plan 70632 contained wholly within Certificate of Crown Land Volume LR3161, Folio 551	Parklands and Drainage	2,389m ²
3	Lot 611 Mayo Court, Nickol Lot 612 on Deposited Plan 70632 and wholly contained within Certificate of Crown Land Volume LR3161	Parklands and Drainage	767m ²
5	Lot 612 Boyd Close, Nickol Lot 683 on Deposited Plan 71342 and wholly contained within Certificate of Crown Land Volume LR3161, Folio 575	Parkland, Recreation, Drainage and Public Infrastructure	1.4ha
6	683 Gregory Way, Bulgarra Lot 651 on Deposited Plan 71341 and wholly contained within Certificate of Crown Land Volume LR3161	Parkland, Recreation, Drainage and Public Infrastructure	1.11ha
	Lot 651 Hancock Way, Bulgarra		

Notes

(year ending 30 June 2013)

31. MAJOR LAND TRANSACTIONS (Continued)

Budget Estimates	2013/14 Budget \$	2014/15 Estimated \$	Total \$
Opening Balance	0	0	
Capital Income			
Proceeds from the Sale of Assets	0	8,118,418	8,118,418
Loan Income	0	0	0
Transfer from Reserve	2,298,413	770,190	3,068,603
	<u>2,298,413</u>	<u>8,888,608</u>	<u>11,187,021</u>
Land Procurement and Development Costs			
Works in Progress	(2,298,413)	(770,190)	(3,068,603)
Transfer to Reserve	0	(3,068,603)	(3,068,603)
Transfer to Trust	0	(5,049,815)	(5,049,815)
	<u>(2,298,413)</u>	<u>(8,888,608)</u>	<u>(11,187,021)</u>
Net Surplus/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>

Projected revenues of \$8,118,418 are scheduled to be received in the 2014/15 financial year along with further/final Development Costs incurred of \$770,190. Infrastructure Reserve funds utilised (\$2,298,413 12/13) will be returned to Reserve from sale proceeds. Any profit derived from the sale of land is required to be placed in Trust for the purpose of capital improvements to other Recreation Reserves in the locality.

Notes

(year ending 30 June 2013)

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Tien Tsin Inne operates inside the Karratha Airport Terminal Building. The Tien Tsin Inne is a self-funded trading undertaking, with any surplus transferred as a rate of return to the Airport Reserve.

	2013 \$	2013 Budget \$	2012 \$
Operating Revenue			
Kiosk/Bar	2,461,789	1,815,000	2,399,160
Profit on Sale of Assets	0	0	50
	<u>2,461,789</u>	<u>1,815,000</u>	<u>2,399,210</u>
Operating Expenditure			
Employment Costs	(1,211,153)	(979,866)	(1,182,665)
Office Expenses	(20,688)	(37,300)	(20,047)
Building Costs	(28,248)	(25,000)	(29,316)
Insurance	(18,868)	(16,891)	(16,709)
Equipment Repairs & Replacement	(9,076)	(22,500)	(4,681)
Consumables/Shrinkage	(18,139)	(38,200)	(29,990)
Kiosk Expenses	(621,463)	(662,100)	(703,164)
Bar Expenses	(368,067)	(350,000)	(310,706)
Depreciation	(14,602)	(12,800)	(14,175)
Loss on Sale of Assets	0	0	(6,679)
Employee Leave Provisions	9,994	0	53,454
Total	<u>(2,300,309)</u>	<u>(2,144,657)</u>	<u>(2,264,678)</u>
Net Operating Surplus (Deficit)	<u>161,480</u>	<u>(329,657)</u>	<u>134,532</u>
Capital Expenditure			
Purchase Furniture & Equipment	(12,351)	(21,700)	(14,066)
	<u>(12,351)</u>	<u>(21,700)</u>	<u>(14,066)</u>
Add Back Non Cash			
Depreciation	14,602	12,800	14,175
Employee Leave Provisions	(9,994)	0	(53,454)
	<u>4,608</u>	<u>12,800</u>	<u>(39,279)</u>
Rate of Return utilised to fund Airport Capital Improvements	<u>153,736</u>	<u>(338,557)</u>	<u>81,187</u>
Net Surplus/(Deficit)	<u>0</u>	<u>0</u>	<u>0</u>

This statement does not include and of the following expenses as they are embedded in the total cost of running the airport:

- Administration
- Utilities - power, water consumption, water rates, ESL
- Airport Security

Notes

(year ending 30 June 2013)

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (con't)

	2013	2012
	\$	\$
Current Assets		
Cash and Cash Equivalents	9,000	8,800
Inventories	33,897	28,025
Total Current Assets	<u>42,897</u>	<u>36,625</u>
Non-Current Assets		
Property, Plant and Equipment	106,371	94,020
Total Non-Current Assets	<u>106,371</u>	<u>94,020</u>
Total Assets	<u>149,268</u>	<u>130,645</u>
Current Liabilities		
Provisions	32,480	43,675
Total Current Liabilities	<u>32,480</u>	<u>43,675</u>
Non-Current Liabilities		
Provisions	29,850	28,649
Total Non-Current Liabilities	<u>29,850</u>	<u>28,649</u>
Total Liabilities	<u>62,330</u>	<u>72,324</u>
Net Assets	<u>86,938</u>	<u>58,321</u>

Notes

(year ending 30 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	43,648,411	76,803,079	43,648,411	76,803,079
Receivables	10,309,752	12,575,135	10,309,752	12,575,135
	<u>53,958,163</u>	<u>89,378,214</u>	<u>53,958,163</u>	<u>89,378,214</u>
Financial Liabilities				
Payables	9,550,845	8,945,220	9,550,845	8,945,220
Borrowings	56,334	14,826,170	57,717	13,668,662
	<u>9,607,179</u>	<u>23,771,390</u>	<u>9,608,562</u>	<u>22,613,882</u>

Fair value is determined as follows:

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

Notes

(year ending 30 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.

Impact of a 10% (*) movement in interest rates on cash and investments:

	2013 \$	2012 \$
- Equity	6,969,327	8,421,578
- Statement of Comprehensive Income	6,967,327	8,421,578

Impact of a 1% (*) movement in interest rates on cash and investments:

- Equity	696,122	842,158
- Statement of Comprehensive Income	696,122	842,158

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.

Notes

(year ending 30 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	63.81%	66.77%
- Overdue	36.19%	33.23%
Percentage of Other Receivables		
- Current	97.58%	92.92%
- Overdue	2.42%	7.08%

Notes

(year ending 30 June 2013)

	2013		2012		
	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
Payables	10,096,253	0	0	10,096,253	10,096,253
Borrowings - Long Term	6,858	27,433	51,438	85,729	53,402
	10,103,111	27,433	51,438	10,181,982	10,149,655
Payables	8,945,220	0	0	8,945,220	8,945,220
Borrowings - Long Term	2,964,297	9,517,674	5,869,569	18,351,540	14,826,170
	11,909,517	9,517,674	5,869,569	27,296,760	23,771,390

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

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 can be extended and overdraft facilities drawn upon if required.

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and Borrowings

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and Borrowings (Continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
	\$	\$	\$	\$	\$	\$	\$	
Year Ended 30 June 2013								
Payables and Borrowings	9,550,845	0	0	0	0	0	9,550,845	
Fixed Rate Debentures	0	0	0	0	0	56,334	56,334	5.44%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	7.06%		
Year Ended 30 June 2012								
Payables and Borrowings	8,945,220	0	231,782	1,921,256	1,230,741	11,442,391	14,826,170	5.44%
Fixed Rate Debentures	0	0	0	0	1,230,741	11,442,391	14,826,170	5.44%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.42%	5.85%	5.68%	5.33%		

Supplementary ratio information

(year ending 30 June 2013)

RATIO INFORMATION

The following information relates to these ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2013	2012	2011
Asset Consumption Ratio	0.644	N/A	N/A
Asset Renewal Funding Ratio	1	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.

Independent Auditor report

(year ending 30 June 2013)



Independent Auditor's Report To the Ratepayers of Shire of Roebourne

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We have audited the accompanying financial report of Shire of Roebourne ("the Council") which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Chief Executive Officer's statement.

Council's responsibility for the financial report

The Council of the Shire of Roebourne is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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