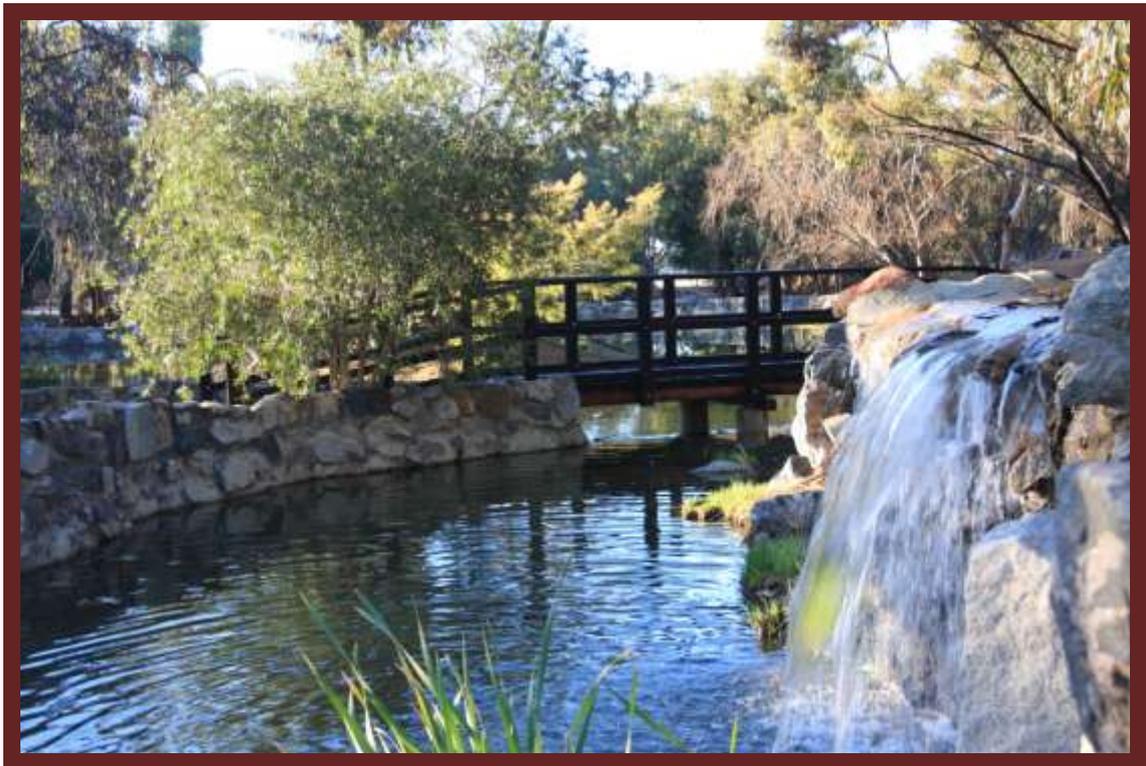




SHIRE OF WAGIN



2009/2010 ANNUAL REPORT



Shire of Wagin

2 Arthur Road (PO Box 200) Wagin WA 6315

E-mail: shire@wagin.wa.gov.au Website: www.wagin.wa.gov.au

Tel: (08) 9861 1177 Fax: (08) 9861 1204

Shire Statistics

| | |
|-------------------------------|--------------------|
| Population | 1,844 |
| Number of Electors | 1,315 |
| Number of Dwellings | 901 |
| Distance from Perth (km) | 227 |
| Area (sq km) | 1,950 |
| Suburbs and Localities | Piesseville, Wagin |
| Library | Trent St, Wagin |
| Kindergarten | Johnston St, Wagin |
| Pre-school | Ranford St, Wagin |
| Secondary School | Ranford St, Wagin |
| Length of Sealed Roads (km) | 260 |
| Length of Unsealed Roads (km) | 626 |
| Rates Levied | \$1,481,771 |
| Total Revenue | \$5,200,328 |
| Council Employees | 25 |

Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Norring Lake, Marroble Bird Place, Heritage Walk Trail, Puntapin Rock and Mount Latham.

Local Industries

Wool, Grain, Engineering Manufacture and Seed working.

Significant Local Events

Wagin Woolorama – incorporates the State Sheep Show and is held on the 2nd weekend in March each year, Australia Day Breakfast – in Wetlands Park, Foundation Day Celebration – at Wagin Historical Village includes Vintage Car Club Rally, Apex Christmas Street Carnival – December.

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Annual Report 2009/2010

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Audit Report



GENERAL INFORMATION

Elected Members

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30th June 2010 are -

Cr PJ (Phillip) Blight – Shire President

Elected to office in 1992, Retiring 2011

- Finance & General Purposes Committee
- Economic Development Committee
- WALGA Central Zone
- Woolorama Committee
- Roadwise/LEMC & Safer WA Committee
- Land Conservation District Committee
- Telecentre Committee
- Civic Awards Committee
- Audit Committee
- CEO Performance Review Committee
- Structural Reform Project Team

Cr GR (Greg) Ball – Deputy Shire President

Elected to office in 2007, Retiring 2011

- Finance & General Purposes Committee
- Economic Development Committee
- WALGA Central Zone
- CEO Performance Review Committee
- Structural Reform Project Team
- Wagin Woodanilling Landcare Zone
- Sportsground Advisory Community Centre Management Committee
- Civic Awards Committee
- Audit Committee
- Bushfire Advisory Committee
- Landcare Project Management Committee

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2013

- Works & Services Committee
- Finance & General Purposes Committee
- CEO Performance Review Committee
- Cottage Homes Committee
- Lakes Sub-Regional Road Group
- Audit Committee

Cr DK (Dean) Morgan

Elected to office in 2003, Retiring 2013

- Works & Service Committee
- Finance & General Purposes Committee
- Asset Management Committee
- Structural Reform Project Team
- Bushfire Advisory Committee
- Audit Committee

Cr J (Joseph) Shaw

Elected to office in 2009, Retiring 2013

- Finance & General Purposes Committee
- Asset Management Committee
- Economic Development Committee
- Structural Reform Project Team
- Audit Committee
- Townscape and Tidy Towns Committee
- Waste Management and Recycling Committee
- Historical Village Committee
- Wagin Tourist Committee

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2013

- Works & Services Committee
- Asset Management Committee
- Frail Aged Homes Committee
- Cottage Homes Committee
- Waste Management Committee
- Structural Reform Project Team

WAGIN
HEART OF THE GREAT SOUTHERN

Cr KM (Keith) Draper

Elected to office in 2003, Retiring 2011

- Works & Services Committee
- Townscape & Tidy Towns Committee
- Asset Management Committee
- Frail Aged Hostel Committee
- Waste Management & Recycling Committee

Cr JP (Jason) Reed

Elected to office in 2007, Retiring 2011

- Works & Services Committee
- Asset Management Committee
- Economic Development Committee
- Audit Committee
- Community Bus Committee
- Roadwise/LEMC & Safer WA Committee
- Structural Reform Committee

Cr G (Geoff) West

Elected to office in 2009, Retiring 2013

- Works & Services Committee
- Finance & General Purposes
- Asset Management Committee
- Economic Development Committee
- Audit Committee
- Structural Reform Project Team
- Townscape & Tidy Towns Committee
- Waste Management and Recycling Committee
- Wagin/Woodanilling Landcare Zone

Cr EN (Ted) Pugh

Elected to office in 2009, Retiring 2011

- Economic Development Committee
- Townscape and Tidy Towns Committee
- Waste Management and Recycling Committee
- Community Centre Committee

Cr G (Gerard) Hegarty

Elected to office in 2009, Retiring 2013

- Waste Management and Recycling Committee
 - Structural Reform Project Team
 - Townscape and Tidy Towns Committee
 - Sportsground Advisory Committee
 - Community Centre Management Committee
- 

Elections are held biennially on the second Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the fourth Tuesday of each month except in January where no meeting is planned. All ordinary Council meetings commence at 7.00pm. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website www.wagin.wa.gov.au.

Management

| | |
|---|-----------------|
| Chief Executive Officer | Len Calneggia |
| Manager of Finance and Corporate Services | Brian Roderick |
| Manager of Works | Allen Hicks |
| Manager of Community and Regulatory Services | Carolyn Webster |
| Environmental Health Officer & Building Surveyor | Steve Friend |

| | |
|---------|--|
| Auditor | UHY Haines Norton 16 Lakeside Corporate 24 Parkland Road Osborne Park WA 6017 |
|---------|--|

| | |
|------|--|
| Bank | National Australia Bank Tudor St Wagin WA 6315 |
|------|--|

Shire Presidents Report

It is with great pleasure that I present my report on the Shire of Wagin's activities for the 2009/2010 financial year.

Councillors and staff have worked diligently throughout the year to provide for the needs of the community whilst continuing to plan for the long term future of the shire.



Local Government elections were held in 2009 with six nominations received for the seven vacancies. Councillors Cumming, Morgan, Ballantyne and West were re-elected and we welcomed new councillors Joe Shaw and Gerard Hegarty. Due to the insufficient nominations for council membership an extraordinary election was held in November with former Councillor Ted Pugh successfully elected. I wish to also take this opportunity to acknowledge and thank outgoing councillors Austin Dohle and Jenny Ewen for their valuable contribution and service to the community.

Well into the new financial year Council was informed that its second year of Royalties for Regions funding of \$401,289 would not be paid. This resulted in numerous adjustments to Council's budget and hence many projects for 2009/2010 were not progressed and have been carried over to 2010/2011. However, council did receive \$35,000 from Royalties to Regions to develop a forward capital works plan, this plan along with council's strategic and asset management plans will be submitted to the Department of Regional Development by the end of 2010 to access future Royalties to Regions funding.

Council again has been active over the last year to accommodate our thriving community. Our aim is to maintain and improve its facilities both in the townsite and rural areas. Significant projects and achievements during 2009/2010 were:

- Council, through Royalties to Regions year one funding, donated a significant amount of money for completion of projects at Waratah Lodge, Wagin Trotting Club, Wagin Pony Club and the Wagin Early Childhood Centre.
- New car park at the town library.
- The undertaking and completion of an extensive capital road works program.
- The completion of the Emergency Services Transfer Facility at the Wagin Airstrip.
- Bitumen sealing at the Wagin Airstrip
- The introduction of a kerb side recycling service.
- A new recycled water tank at the Wagin Sportsground.
- A new repeater building and mast at Mt Latham.
- Purchase of a new steel roller.



Council hosted a New Residents Reception in the Eric Farrow Pavilion in February 2010, this again proved to be a very popular and successful function with some 67 people attending including 41 new residents.

Council also assisted the Wagin Agricultural Society hold another very successful Woolorama. This year, for the first time, council had its own information site, our presence at Woolorama provided valuable promotional opportunities for our Shire.

Council has been through an extensive process in developing a strategic plan for the Shire, this important blue print will ensure Council is well placed when making decisions in the future. The strategic plan will be adopted early in the new financial year.



Shire President presents the Christmas lights Award at the Australia Day celebrations

The Shire of Wagin remains in a strong financial position with solid reserve levels and low debt levels.

I would take this opportunity to thank my fellow Councillors, senior management and staff for their hard work and dedication to the Shire of Wagin.

Cr Phillip Blight
Shire President



Chief Executive Officer's Report

I am pleased to present my report on the activities of the Shire of Wagin for the 2009/2010 year. It has been a solid year of growth and productivity for the Shire that has led to improved services and facilities for the community.

The 2009/2010 Annual Budget was adopted by Council at an ordinary meeting of Council on 25th August 2009 incorporating an increase in rate revenue of 4.5%.

Council retained the option of offering a 5% discount for rates paid in full within 35 days of being issued and this proved popular, with approximately 76% of rates being collected during this period.

During this year in review Council was very active in a variety of projects and activities. They included:

- The purchase of eight hundred recycling bins (240 litre) for the new kerbside recycling service.
- The completion of the Emergency Services Transfer Facility at the Wagin Airstrip.
- Upgrades to the swimming pool plant infrastructure.
- Upgrade to councils communication and repeater systems.
- Significant upgrades to council's housing stock.
- Major funding contribution to Waratah Lodge for the construction of 4 new units and their new activities area.



New repeater building and mast at Mt Latham

Council was very active in sourcing external grant funding to compliment its operations and reduce its dependence on general revenue. During the year in review council received a total of \$2,705,307 in grant revenue. This included \$1,049,261 in Federal assistance grants, \$963,236 for capital and maintenance work on roads and bridges, \$30,000 from the Federal Government for bitumen sealing the tarmac at the Wagin Airstrip, \$270,999 for HACC and aged care, \$18,303 from FESA for bush fire control, \$25,000 from the Office of Crime Prevention for purchase of CCTV cameras and \$118,978 from the Department of Agriculture for councils water management plan and activities.

The Manager of Works and his staff again carried out another successful works program in 2009/2010.

Some of the projects completed during the year included:

- Realignment (Black spot) of the Jaloran Road S bends.
- Continued surface corrections and resealing of Ballagin Road.
- Various upgrade work on Beaufort, Wagin-Wickepin, Dongolocking, Dwelyerdine, Norring, Piesseville Jaloran, Bockaring, Collanilling and Piesseville Tarwonga roads.
- Major bridge works on the Piesseville Tarwonga bridge and other bridge maintenance.
- Major private works at the contaminated St Johns Ambulance site.



Upgrade work on Jaloran road

Major plant purchases during the year included the purchase of a new \$140,000 Dynapac steel roller and new \$20,000 Toro ride on mower. A number of vehicles were upgraded during the year.

During the year Council approved a restructure of management, this included the creation of the position of Manager of Community and Regulatory Services. This position was created to address community needs, sourcing of grant funding, compliance with relevant regulatory acts and building maintenance. The management team is now made up of the Chief Executive Officer, Manager of Finance and Corporate Services, Manager of Works and Manager of Community and Regulatory Services.

Councillors and staff presented a display at Woolorama of activities and provided an opportunity for both local and visitors to learn of Council operations and interact with various personnel.



Shire display at
Woolorama 2010

Waste Management

Wagin continues to be the "lead" council from among twelve (12) other Wheat-belt councils in determining ways of better managing waste. Progress towards securing a Regional landfill site commenced with the appointment of a consultant to undertake site surveys with a view to doing geotechnical investigation work culminating in a licensed site. A working group has been established to make appropriate recommendations on the acquisition, governance and management of a future regional site.

Freedom of Information Act

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2009/2010 no applications were received for information under the terms of this legislation.

National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest. A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from

the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed; the conclusions of those reviews and a forward strategy for all local laws are still to be reviewed.

No new Local Laws were created in 2009/2010 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2009/2010 consequently there were no obligations to report in this area.

Employee Remuneration

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

| | 2009/2010 | 2008/2009 |
|------------------------------------|-----------|-----------|
| Salary Range \$120,000 - \$129,999 | 1 | 1 |

Structural Reform

Structural reform continues to linger and although this council agreed with its neighbour the Shire of Woodanilling to investigate the benefits of a merger, no further discussions have been held and it now seems unlikely that any voluntary reform involving any adjoining Local Authority will eventuate. The State Government still appear to be advancing their agenda to reduce the number of Western Australian Councils and have offered various incentives to those Councils that show interest with the Minister for Local Government offering incentives to those Local Authorities that wish to tread down that path.

Conclusion

I would like to take this opportunity to acknowledge the support that I have received from the Shire President Cr Phillip Blight and Council members and make special mention of the confidence shown in me resulting in my permanent appointment to the Chief Executive Officers position as from 1st May 2010. It is a pleasure to work with a group of volunteers that are dedicated to the current and future wellbeing of the Shire of Wagin. I would also like to acknowledge the support and dedication of our staff whose hard work and dedication needs special mention.

Len Calneggia
Chief Executive Officer

Disability Services Plan

It is a requirement under section 29m (2) of the Disabilities Services Act 1993 to report on the following outcomes in Council's approach to assisting disabled people.

Outcome 1: Existing functions, facilities and services are adopted to meet the needs of people with disabilities.

Council continued its policy of taking into consideration the needs of people with disabilities wherever practical.



Footpath Maintenance Work

Outcome 2: Access to buildings and facilities are improved.

During 2009/2010 Council continued its town site footpath maintenance program to improve access for all users.

Council also completed a new public toilet facility that included disabled toilet facilities.

Outcome 3: Information about functions, facilities and services is provided in formats which will meet the communications requirements of people with disabilities.

Council is mindful of the need to keep outgoing information in an easy to understand manner for all its residents and visitors.

Outcome 4: Staff awareness of the needs of people with disabilities and skills in delivering advice and services are improved.

Staff at the Shire of Wagin are aware of the need to provide appropriate services and advice to people with disabilities.

Outcome 5: Opportunities for people with disabilities to participate in public consultation grievance mechanisms and decision making processes are provided.

Access is available for people with disabilities at the Recreation Centre, Town Hall, Eric Farrow Pavilion and Council Chambers where public meetings, forums, elections and Council Meetings are held.

State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

The Shire of Wagin Record keeping Plan was endorsed by the Commission during 2003/04. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009.

Council's Executive Assistant is delegated the task of maintaining the filing and record system of the shire and attends appropriate training courses and seminars to help build skills and knowledge of this function.

In 2008/2009 Council implemented a new electronic record keeping system, this will ensure Council is at the forefront with record keeping compliance.

Plan for the Future

A review of the Shire's plan for the future was completed in June 2008. The revised plan covers the period 2008/2009 to 2009/2010.

The Plan for the Future must be reviewed every two years and this will take place in 2010/2011.



Dr Noel Nannup with the Wagin
Australian of the year for 2010 –
Angus Wallam



FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

Shire of Wagin
Annual Report 2009/2010

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Wagin being the annual financial report and other information for the financial year ended 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Wagin at 30th June 2010 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 21st day of October 2010.



Len Calneggia
Chief Executive Officer

Shire of Wagin
Annual Report 2009/2010

Shire of Wagin

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

| | NOTE | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|---|------|-------------------------|-----------------------|-------------------------|
| REVENUE | | | | |
| Rates | 22 | 1,481,771 | 1,476,383 | 1,409,277 |
| Operating Grants & Subsidies | 28 | 2,383,307 | 2,144,102 | 2,193,811 |
| Contributions Reimbursements & Donations | | 248,242 | 136,557 | 624,009 |
| Fees and Charges | 27 | 507,219 | 414,915 | 386,586 |
| Interest Earnings | 2(a) | 76,458 | 42,085 | 72,750 |
| Other Revenue | | 144,503 | 112,679 | 97,601 |
| | | <u>4,841,500</u> | <u>4,326,721</u> | <u>4,784,064</u> |
| EXPENSES | | | | |
| Employee Costs | | (1,727,878) | (1,845,295) | (2,126,041) |
| Materials and Contracts | | (1,786,301) | (2,231,716) | (1,381,230) |
| Utility Charges | | (225,023) | (213,773) | (168,358) |
| Depreciation on Non-Current Assets | 2(a) | (876,455) | (628,817) | (635,054) |
| Interest Expenses | 2(a) | (38,513) | (38,513) | (28,769) |
| Insurance Expenses | | (72,800) | (77,002) | (63,776) |
| Other Expenditure | | (213,243) | (212,704) | (137,294) |
| | | <u>(4,940,213)</u> | <u>(5,247,820)</u> | <u>(4,540,522)</u> |
| | | (98,713) | (921,099) | 243,542 |
| | | | | |
| Non-Operating Grants, Subsidies and Contributions | 28 | 321,928 | 956,573 | 922,256 |
| Profit on Asset Disposals | 20 | 36,900 | 313,800 | 7,837 |
| Loss on Asset Disposal | 20 | (7,309) | (11,167) | (23,251) |
| | | <u>351,519</u> | <u>1,259,206</u> | <u>906,842</u> |
| NET RESULT | | 252,806 | 338,107 | 1,150,394 |
| Other Comprehensive Income | | | | |
| Changes on revaluation of net current assets | 7 | 3,893,170 | 0 | 0 |
| Total Other Comprehensive Income | | <u>3,893,170</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>4,145,976</u> | <u>338,107</u> | <u>1,150,394</u> |

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

Shire of Wagin
Annual Report 2009/2010

Shire of Wagin

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010**

| | NOTE | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|--|-------|--------------------|----------------------|--------------------|
| REVENUE | | | | |
| Governance | | 15,343 | 3,500 | 10,132 |
| General Purpose Funding | | 2,774,325 | 2,828,118 | 3,603,891 |
| Law, Order, Public Safety | | 64,373 | 30,740 | 53,631 |
| Health | | 68,766 | 65,720 | 96,980 |
| Education and Welfare | | 311,721 | 315,974 | 337,137 |
| Community Amenities | | 522,851 | 412,425 | 280,994 |
| Recreation and Culture | | 45,232 | 44,710 | 92,030 |
| Transport | | 1,005,103 | 1,146,165 | 722,445 |
| Economic Services | | 165,692 | 45,500 | 41,715 |
| Other Property and Services | | 226,922 | 704,242 | 475,212 |
| | | <u>5,200,328</u> | <u>5,597,094</u> | <u>5,714,167</u> |
| EXPENSES EXCLUDING FINANCE COSTS | | | | |
| Governance | | (361,896) | (318,903) | (291,938) |
| General Purpose Funding | | (301,307) | (306,217) | (242,653) |
| Law, Order, Public Safety | | (115,124) | (137,119) | (130,540) |
| Health | | (241,323) | (234,749) | (248,652) |
| Education and Welfare | | (554,507) | (417,810) | (337,414) |
| Community Amenities | | (648,469) | (681,067) | (428,275) |
| Recreation & Culture | | (614,498) | (611,229) | (625,822) |
| Transport | | (1,676,291) | (2,056,014) | (1,489,826) |
| Economic Services | | (142,914) | (148,028) | (148,875) |
| Other Property and Services | | (252,680) | (309,338) | (591,009) |
| | | <u>(4,909,009)</u> | <u>(5,220,474)</u> | <u>(4,535,004)</u> |
| BORROWING COSTS EXPENSE | | | | |
| Health | | (4,722) | (4,722) | (6,229) |
| Recreation and Culture | | (18,086) | (18,086) | (19,583) |
| Education & Welfare | | (15,705) | (15,705) | (2,957) |
| | 2 (a) | <u>(38,513)</u> | <u>(38,513)</u> | <u>(28,739)</u> |
| NET RESULT | | <u>252,806</u> | <u>338,107</u> | <u>1,150,394</u> |
| Other Comprehensive Income | | | | |
| Changes on revaluation of net current assets | 7 | 3,893,170 | 0 | 0 |
| Total Other Comprehensive Income | | <u>3,893,170</u> | <u>0</u> | <u>0</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>4,145,976</u> | <u>338,107</u> | <u>1,150,394</u> |

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

Shire of Wagin
Annual Report 2009/2010

Shire of Wagin

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

| | NOTE | 2010 \$ | 2009 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 2,216,746 | 1,747,004 |
| Trade and Other Receivables | 4 | 215,790 | 538,472 |
| Inventories | 5 | 41,960 | 39,141 |
| TOTAL CURRENT ASSETS | | <u>2,474,496</u> | <u>2,324,617</u> |
| NON-CURRENT ASSETS | | | |
| Other Receivables | 4 | 181,616 | 180,920 |
| Inventories | 5 | 175,714 | 157,165 |
| Property, Plant and Equipment | 6 | 6,172,077 | 6,004,018 |
| Infrastructure | 7 | 19,730,550 | 15,834,211 |
| TOTAL NON-CURRENT ASSETS | | <u>26,259,957</u> | <u>22,176,314</u> |
| TOTAL ASSETS | | <u>28,734,453</u> | <u>24,500,931</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 8 | 407,064 | 331,867 |
| Long Term Borrowings | 9 | 44,526 | 41,643 |
| Provisions | 10 | 323,132 | 248,000 |
| TOTAL CURRENT LIABILITIES | | <u>774,722</u> | <u>621,510</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | 9 | 528,263 | 570,789 |
| Provisions | 10 | 13,313 | 34,453 |
| TOTAL NON-CURRENT LIABILITIES | | <u>539,576</u> | <u>605,242</u> |
| TOTAL LIABILITIES | | <u>1,314,298</u> | <u>1,226,752</u> |
| NET ASSETS | | <u>27,420,155</u> | <u>23,274,179</u> |
| EQUITY | | | |
| Retained Surplus | | 22,432,032 | 22,452,147 |
| Reserves - Cash Backed | 11 | 1,094,953 | 822,032 |
| Reserves - Asset Revaluation | 12 | 3,893,170 | 0 |
| TOTAL EQUITY | | <u>27,420,155</u> | <u>23,274,179</u> |

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

Shire of Wagin
Annual Report 2009/2010

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

| NOTE | RETAINED SURPLUS \$ | RESERVES CASH BACKED \$ | ASSET REVALUATION RESERVE \$ | TOTAL EQUITY \$ |
|-----------------------------------|---------------------------|----------------------------------|---------------------------------------|-----------------------|
| Balance as at 1 July 2008 | 21,332,183 | 791,602 | 0 | 22,123,785 |
| Net Result | 1,150,394 | 0 | 0 | 1,150,394 |
| Total Other Comprehensive Income | 0 | 0 | 0 | 0 |
| Reserve Transfers | (30,430) | 30,430 | 0 | 0 |
| Balance as at 30 June 2009 | 22,452,147 | 822,032 | 0 | 23,274,179 |
| Net Result | 252,806 | 0 | 0 | 252,806 |
| Total Other Comprehensive Income | 0 | 0 | 3,893,170 | 3,893,170 |
| Reserve Transfers | (272,921) | 272,921 | 0 | 0 |
| Balance as at 30 June 2010 | 22,432,032 | 1,094,953 | 3,893,170 | 27,420,155 |

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

Shire of Wagin
Annual Report 2009/2010

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

| | NOTE | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|--|-------|-------------------------|-------------------------|-------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 1,458,301 | 1,476,383 | 1,376,915 |
| Operating Grants, Subsidies | | 2,383,307 | 2,144,102 | 2,193,841 |
| Contributions Reimbursements & Donations | | 248,242 | 136,557 | 624,009 |
| Fees and Charges | | 867,585 | 820,757 | 140,091 |
| Interest Earnings | | 76,458 | 42,085 | 72,750 |
| Goods and Services Tax | | 120,000 | 200,000 | 218,838 |
| Other Revenue | | 144,502 | 112,679 | 97,601 |
| | | <u>5,298,395</u> | <u>4,932,563</u> | <u>4,724,045</u> |
| Payments | | | | |
| Employee Costs | | (1,665,410) | (1,845,295) | (2,115,462) |
| Materials and Contracts | | (1,734,594) | (2,257,371) | (1,621,082) |
| Utility Charges | | (225,023) | (213,773) | (168,358) |
| Insurance Expenses | | (72,800) | (77,002) | (63,776) |
| Interest expenses | | (38,999) | (38,513) | (29,223) |
| Goods and Services Tax | | (147,816) | (200,000) | (200,000) |
| Other Expenditure | | (213,242) | (212,704) | (137,294) |
| | | <u>(4,097,884)</u> | <u>(4,844,658)</u> | <u>(4,335,195)</u> |
| Net Cash Provided By (Used In) Operating Activities | 13(b) | <u>1,200,511</u> | <u>87,905</u> | <u>388,850</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Development of Land Held for Resale | | (18,549) | (500,000) | (157,165) |
| Payments for Purchase of Property, Plant & Equipment | | (714,891) | (1,067,541) | (630,231) |
| Payments for Construction of Infrastructure | | (432,629) | (581,614) | (411,119) |
| Transfer to Inventories | | 18,549 | 0 | 157,165 |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | | 321,928 | 956,573 | 922,266 |
| Proceeds from Sale of Plant & Equipment | | 129,428 | 581,354 | 170,582 |
| Net Cash Provided By (Used In) Investing Activities | | <u>(696,164)</u> | <u>(611,228)</u> | <u>51,498</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | (41,643) | (41,643) | (49,371) |
| Proceeds from Self Supporting Loans | | 7,038 | 7,038 | 22,906 |
| Proceeds from New Debentures | | 0 | 0 | 265,000 |
| Net Cash Provided By (Used In) Financing Activities | | <u>(34,605)</u> | <u>(34,605)</u> | <u>238,535</u> |
| Net Increase (Decrease) in Cash Held | | <u>469,742</u> | <u>(557,928)</u> | <u>678,883</u> |
| Cash at Beginning of Year | | 1,747,004 | 1,746,845 | 1,068,121 |
| Cash and Cash Equivalents at the End of the Year | 13(a) | <u><u>2,216,746</u></u> | <u><u>1,188,917</u></u> | <u><u>1,747,004</u></u> |

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

Shire of Wagin
Annual Report 2009/2010

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

| | NOTE | 2010 \$ | 2010 Budget \$ |
|---|-----------|---------------------------|---------------------------|
| REVENUE | | | |
| Governance | | 15,343 | 3,500 |
| General Purpose Funding | | 1,292,554 | 1,351,735 |
| Law, Order, Public Safety | | 64,373 | 30,740 |
| Health | | 68,766 | 65,720 |
| Education and Welfare | | 311,721 | 315,974 |
| Community Amenities | | 522,851 | 412,425 |
| Recreation and Culture | | 45,232 | 44,710 |
| Transport | | 1,005,103 | 1,146,165 |
| Economic Services | | 165,692 | 45,500 |
| Other Property and Services | | 226,922 | 704,242 |
| | | <u>3,718,557</u> | <u>4,120,711</u> |
| EXPENSES | | | |
| Governance | | (361,896) | (318,903) |
| General Purpose Funding | | (301,307) | (306,217) |
| Law, Order, Public Safety | | (115,124) | (137,119) |
| Health | | (246,045) | (239,471) |
| Education and Welfare | | (570,212) | (433,515) |
| Community Amenities | | (648,468) | (681,067) |
| Recreation & Culture | | (632,585) | (629,315) |
| Transport | | (1,676,291) | (2,058,624) |
| Economic Services | | (142,914) | (145,418) |
| Other Property and Services | | (252,680) | (309,338) |
| | | <u>(4,947,522)</u> | <u>(5,258,987)</u> |
| Adjustments for Cash Budget Requirements: | | | |
| Non-Cash Expenditure and Revenue | | | |
| (Profit)/Loss on Asset Disposals | | (29,591) | (302,633) |
| Movement in Accrued Interest | | (486) | 0 |
| Movement in Deferred Pensioner Rates (Non-Current) | | (8,234) | 0 |
| Movement in Accrued Salaries and Wages | | 8,476 | 0 |
| Movement in Employee Benefit Provisions | | 53,992 | 0 |
| Depreciation and Amortisation on Assets | | 876,455 | 628,817 |
| Capital Expenditure and Revenue | | | |
| Development Costs - Land Held for Resale | | (18,549) | (500,000) |
| Purchase Land and Buildings | | (285,356) | (604,178) |
| Purchase Infrastructure Assets - Roads | | (368,348) | (335,425) |
| Purchase Infrastructure Assets - Other | | (64,281) | (246,189) |
| Purchase Plant and Equipment | | (275,459) | (288,547) |
| Purchase Furniture and Equipment | | (154,076) | (174,816) |
| Proceeds from Disposal of Assets | | 129,428 | 581,354 |
| Repayment of Debentures | | (41,643) | (41,643) |
| Self-Supporting Loan Principal Income | | 7,038 | 7,038 |
| Transfers to Reserves (Restricted Assets) | | (321,421) | (541,385) |
| Transfers from Reserves (Restricted Assets) | | 48,500 | 254,500 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | | 1,178,193 | 1,225,000 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | | 987,444 | 0 |
| Amount Required to be Raised from Rates | 22 | <u><u>(1,481,771)</u></u> | <u><u>(1,476,383)</u></u> |

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

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 and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing a binding contract of sale.

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

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

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

Land under Roads

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

| | |
|---------------------------------|----------|
| Buildings | 50 years |
| Furniture & Office Equipment | 10 years |
| Computer & Electronic Equipment | 3 years |
| Plant & Equipment | 10 years |
| Trucks | 7 years |
| Sedans | 4 years |
| Other Plant & Equipment | 10 years |

Infrastructure Assets

| | |
|----------------------------|----------|
| Sealed Roads | 50 years |
| Unsealed Roads | 50 years |
| Footpaths & Walkways | 40 years |
| Drainage | 50 years |
| Pedestrian Bridges - Wood | 20 years |
| Vehicle Bridges - Wood | 20 years |
| Vehicle Bridges - Concrete | 75 years |
| Culverts - Wood | 20 years |
| Culverts - Concrete | 75 years |
| Dams | 75 years |
| Tanks & Reservoirs | 35 years |

The following Infrastructure Assets are not depreciated:

Parks and Playing field surfaces
Reticulation Systems
Drainage Reserves
Clearing and Earthworks

The following Infrastructure Assets are not capitalized owing to their cost being immaterial:

Street Furniture
Pedestrian/Bus Shelters
Street Signs

Council has elected not to depreciate assets that has a value under \$1,000.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance date.

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

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

(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. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) 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 balance date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 'Impairment of Assets' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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.

(l) Trade and Other Payables

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

(m) 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 municipality has a present obligation to pay resulting from employees services provided to balance 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 Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) 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 company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under 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.

(q) Joint Venture

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

(r) 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.

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

Council's assessment of these new standards and interpretations is set out below:

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|-----------------|--|
| (i) AASB 9— Financial Instruments | December 2009 | 01 January 2013 | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect. |
| (ii) AASB 124— Related Party Disclosures | December 2009 | 01 January 2011 | Nil – It is not anticipated the Council will have any related parties as defined by the Standard. |
| (iii) AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] | May 2009 | 01 January 2010 | Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council. |
| (iv) AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2] | July 2009 | 01 January 2010 | Nil – The Council will not have applicable transactions. |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|-----------------|--|
| (v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] | December 2009 | 01 January 2011 | Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council. |
| (vi) 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 (ii) above). |
| (vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] | December 2009 | 01 July 2010 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7] | February 2010 | 01 July 2010 | |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| (vi) (Continued) | Title and Topic | Issued | Applicable (*) | Impact |
|------------------|--|---------------|------------------|--|
| | AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132] | October 2009 | 01 February 2010 | Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| | Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments | December 2009 | 01 July 2010 | |
| | AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14] | December 2009 | 01 January 2011 | |

Notes:

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| 2. REVENUE AND EXPENSES | 2010 | 2009 | |
|---|----------------|----------------|---------------|
| | \$ | \$ | |
| (a) Result from Ordinary Activities | | | |
| The Result from Ordinary Activities include | | | |
| (i) Charging as an Expense: | | | |
| Auditors Remuneration | | | |
| - Audit | 15,535 | 13,415 | |
| Depreciation | | | |
| Buildings | 90,777 | 72,961 | |
| Furniture and Equipment | 67,085 | 34,952 | |
| Plant and Equipment | 288,781 | 212,032 | |
| Infrastructure | 429,460 | 314,757 | |
| Tools | 352 | 352 | |
| | <u>876,455</u> | <u>635,054</u> | |
| Interest Expenses (Finance Costs) | | | |
| Debentures (refer Note 21(a)) | 38,513 | 28,769 | |
| | <u>38,513</u> | <u>28,769</u> | |
| Rental Charges | | | |
| - Operating Leases | 41,303 | 15,780 | |
| | <u>41,303</u> | <u>15,780</u> | |
| (ii) Crediting as Revenue: | | | |
| | 2010 | 2010 | 2009 |
| | \$ | Budget | \$ |
| | | \$ | |
| Interest Earnings | | | |
| Investments | | | |
| - Reserve Funds | 34,513 | 18,085 | 49,263 |
| - Other Funds | 30,747 | 15,000 | 14,456 |
| Other Interest Revenue (refer note 26) | 11,198 | 9,000 | 9,031 |
| | <u>76,458</u> | <u>42,085</u> | <u>72,750</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

Governance

Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.

General Purpose Funding

Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.

Law, Order, Public Safety

Includes costs associated with fire prevention and control, control of dogs and other animals, abandoned vehicles and supervision of associated local laws.

Health

Includes costs associated with maternal and infant health, analytical expenses ie water sampling, the running of the Regional Health Scheme together with the Shires of West Arthur and Williams, pest control and the building maintenance costs of the Wagin Medical Centre.

Education and Welfare

Includes costs associated with the running of the Wagin Pre-School, maintenance of the Wagin District High School oval, the running of the Wagin Home and Community Care Program, including Community Aged Care Packages and Wagin Frail Aged Lodge.

Community Amenities

Includes provision for the collection and disposal of residential, commercial and industrial refuse, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.

Recreation and Culture

Includes costs associated with public halls, the Wagin Memorial Swimming Centre, sportsground maintenance and sportsground buildings maintenance, the provision of library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.

Transport

Includes upgrading, constructing, sealing, resealing and ongoing maintenance costs associated with roads, footpaths and parking facilities, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.

Economic Services

Includes control of declared flora and fauna, works associated with Council's inclusion as part of the Rural Town's programme, LCDC projects, tourism and area promotion, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.

Other Property and Services

Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside work crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

| Grant/Contribution | Function/ Activity | Opening Balance (*) 1-Jul-08 \$ | Received (+) 2008/09 \$ | Expended (#) 2008/09 \$ | Closing Balance (*) 30-Jun-09 \$ | Received (+) 2009/10 \$ | Expended (#) 2009/10 \$ | Adjustment | Closing Balance 30-Jun-10 \$ |
|---|----------------------------|--|-------------------------------|-------------------------------|---|-------------------------------|-------------------------------|--------------|---------------------------------------|
| Community Aged Care Packages | Education & Welfare | 18,950 | 34,236 | (20,168) | 33,018 | 11,419 | (2,865) | 0 | 41,572 |
| Roads to recovery | Transport | 33,441 | 241,328 | (274,769) | 0 | 242,563 | (242,563) | 0 | 0 |
| Beaufort Rd Bridge Grant | Transport | 0 | 210,000 | (93,581) | 116,419 | 0 | (53,627) | 0 | 62,792 |
| Plesseville Tarwonga Bridge | Transport | 0 | 0 | 0 | 0 | 384,000 | (200,000) | 0 | 184,000 |
| Regional Refuse Group | Community Amenities | 108,000 | 79,000 | (64,852) | 121,148 | 255,000 | (271,795) | 0 | 104,348 |
| Community Water Group | Recreation & Culture | 31,818 | 0 | (28,743) | 3,075 | 0 | (3,075) | 0 | 0 |
| Choose Respect | Law, Order & Public Safety | 5,000 | 0 | (2,578) | 2,422 | 0 | (2,422) | 0 | 0 |
| Crime Prevention Grant & Youth Action Group | Law, Order & Public Safety | 12,400 | 0 | (3,848) | 8,552 | 0 | 0 | 5,448 | 14,000 |
| Community Safety Fund - CCTV | Law, Order & Public Safety | 0 | 0 | 0 | 0 | 25,000 | 0 | 0 | 25,000 |
| Community Partnership - Go Karts | Law, Order & Public Safety | 0 | 0 | 0 | 0 | 3,000 | (2,500) | 0 | 500 |
| Designing Safer Communities - Safety House | Law, Order & Public Safety | 10,000 | 0 | (398) | 9,602 | 0 | (3,068) | (772) | 5,762 |
| Royalties for Regions 2006 / 2009 | General Purpose Funding | 0 | 626,011 | (525,430) | 100,581 | 0 | (100,581) | 0 | 0 |
| RLCJP 08/09 | General Purpose Funding | 0 | 100,000 | (12,736) | 87,264 | 0 | (87,264) | 0 | 0 |
| RLCJP 09/10 | General Purpose Funding | 0 | 0 | 0 | 0 | 30,000 | (30,000) | 0 | 0 |
| Speed Alert Monitor Trailer | Law, Order & Public Safety | 0 | 18,528 | (4,881) | 13,647 | 0 | (11,369) | 0 | 2,258 |
| Royalties for Regions 2009 / 2010 | General Purpose Funding | 0 | 0 | 0 | 0 | 35,000 | (1,730) | 0 | 33,270 |
| Bridal Creeper Grant | Economic Services | 5,200 | 0 | (5,200) | 0 | 0 | 0 | 0 | 0 |
| Total | | 224,809 | 1,308,103 | (1,037,184) | 495,728 | 985,982 | (1,012,883) | 4,676 | 473,503 |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions (Continued)

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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

| | 2010 \$ | 2009 \$ |
|---|------------------|------------------|
| 3. CASH AND CASH EQUIVALENTS | | |
| Cash on Hand - Municipal | 648,290 | 429,244 |
| Restricted | 1,568,456 | 1,317,760 |
| | <u>2,216,746</u> | <u>1,747,004</u> |
| The following is a reconciliation of the municipal funds above | | |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| Leave Reserve | 69,012 | 66,231 |
| Plant Reserve | 148,534 | 91,205 |
| Municipal Buildings Reserve | 255,172 | 244,890 |
| Recreation & Development Reserve | 230,181 | 216,108 |
| Administration Centre Furniture & Equipment Reserve | 1,967 | 1,888 |
| Recreation Centre Equipment Reserve | 4,064 | 7,931 |
| Aerodrome Maintenance & Development Reserve | 1,656 | 1,589 |
| Land Development Reserve | 73,488 | 22,542 |
| Community Bus Reserve | 41,681 | 37,478 |
| HACC Plant & Leave Reserve | 112,684 | 93,748 |
| Refuse Waste Management Reserve | 31,944 | 32,000 |
| 5 Arnott Street Maint Reserve | 5,592 | 6,422 |
| Wagin Water Management Plan Reserve | 118,978 | 0 |
| Unexpended Grants | 473,503 | 495,728 |
| | <u>1,568,456</u> | <u>1,317,760</u> |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates Outstanding | 100,853 | 85,617 |
| Provision for Doubtful Debts - Rates | (51,151) | (44,375) |
| Sundry Debtors | 137,793 | 490,937 |
| Provision for Doubtful Debts -Sundry Debtors | (1,191) | (745) |
| GST Receivable | 21,948 | 0 |
| Loans - Clubs/Institutions | 7,538 | 7,038 |
| | <u>215,790</u> | <u>538,472</u> |
| Non-Current | | |
| Rates Outstanding - Pensioners | 46,392 | 38,158 |
| Loans - Clubs/Institutions | 135,224 | 142,762 |
| | <u>181,616</u> | <u>180,920</u> |
| 5. INVENTORIES | | |
| Current | | |
| Fuel and Materials | 41,960 | 39,141 |
| | <u>41,960</u> | <u>39,141</u> |
| Non-Current | | |
| Land Held for Resale - Cost | | |
| Cost of Acquisition | 0 | 0 |
| Development Costs | 175,714 | 157,165 |
| | <u>175,714</u> | <u>157,165</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 \$ | 2009 \$ |
|---|--------------------|--------------------|
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land and Buildings - Cost | 5,711,261 | 5,454,430 |
| Less Accumulated Depreciation | <u>(1,489,312)</u> | <u>(1,398,535)</u> |
| | 4,221,949 | 4,055,895 |
| | | |
| Furniture and Equipment - Cost | 1,011,611 | 857,535 |
| Less Accumulated Depreciation | <u>(545,705)</u> | <u>(478,620)</u> |
| | 465,906 | 378,915 |
| | | |
| Plant and Equipment - Cost | 2,776,050 | 2,629,235 |
| Less Accumulated Depreciation | <u>(1,294,644)</u> | <u>(1,063,195)</u> |
| | 1,481,406 | 1,566,040 |
| | | |
| Plant and Equipment Under Lease | 11,355 | 11,355 |
| Less Accumulated Amortisation | <u>(8,539)</u> | <u>(8,187)</u> |
| | 2,816 | 3,168 |
| | <u>6,172,077</u> | <u>6,004,018</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

| | Land & Buildings \$ | Furniture & Equipment \$ | Plant & Equipment \$ | Tools \$ | Total \$ |
|-----------------------------------|------------------------------|-----------------------------------|-------------------------------|--------------|------------------|
| Balance as at 1 July 2009 | 4,055,895 | 378,915 | 1,566,040 | 3,168 | 6,004,018 |
| Additions | 303,905 | 154,076 | 275,459 | 0 | 733,440 |
| (Disposals) | (28,525) | 0 | (71,312) | 0 | (99,837) |
| Depreciation (Expense) | (90,777) | (67,085) | (288,781) | (352) | (446,995) |
| Other Movements | (18,549) | | | | (18,549) |
| Balance as at 30 June 2010 | 4,221,949 | 465,906 | 1,481,406 | 2,816 | 6,172,077 |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 \$ | 2009 \$ |
|-----------------------------------|--------------------|--------------------|
| 7. INFRASTRUCTURE | | |
| Roads - management valuation 2010 | 26,620,821 | 0 |
| Roads - Cost | 0 | 20,982,095 |
| Less Accumulated Depreciation | <u>(7,305,136)</u> | <u>(5,508,247)</u> |
| | 19,315,685 | 15,473,848 |
| | | |
| Infrastructure Other - Cost | 534,233 | 469,952 |
| Less Accumulated Depreciation | <u>(119,368)</u> | <u>(109,589)</u> |
| | 414,865 | 360,363 |
| | <u>19,730,550</u> | <u>15,834,211</u> |

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

| | <u>Roads</u> \$ | <u>Other</u> \$ | <u>Total</u> \$ |
|-----------------------------------|--------------------------|-----------------------|--------------------------|
| Balance as at 1 July 2009 | 15,473,848 | 360,363 | 15,834,211 |
| Additions | 368,348 | 64,261 | 432,629 |
| Revaluation - Increments | 3,893,170 | 0 | 3,893,170 |
| - (Decrements) | 0 | 0 | 0 |
| Depreciation (Expense) | (419,681) | (9,779) | (429,460) |
| Balance as at 30 June 2010 | <u>19,315,685</u> | <u>414,865</u> | <u>19,730,550</u> |

Council have adopted a policy of re-valuing roads annually to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy accords with the requirements of AASB 116

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 | 2009 |
|---|----------------|----------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 384,561 | 311,486 |
| GST Payable | 0 | 5,868 |
| Accrued Interest on Debentures | 1,210 | 1,696 |
| Accrued Salaries and Wages | 21,293 | 12,817 |
| | <u>407,064</u> | <u>331,867</u> |
| 9. LONG-TERM BORROWINGS | | |
| Current | | |
| Secured by Floating Charge Debentures | <u>44,526</u> | <u>41,643</u> |
| | <u>44,526</u> | <u>41,643</u> |
| Non-Current | | |
| Secured by Floating Charge Debentures | <u>526,263</u> | <u>570,789</u> |
| | <u>526,263</u> | <u>570,789</u> |
| Additional detail on borrowings is provided in Note 21. | | |
| 10. PROVISIONS | | |
| Current | | |
| Provision for Annual Leave | 158,490 | 121,326 |
| Provision for Long Service Leave | 164,642 | 126,674 |
| | <u>323,132</u> | <u>248,000</u> |
| Non-Current | | |
| Provision for Long Service Leave | <u>13,313</u> | <u>34,453</u> |
| | <u>13,313</u> | <u>34,453</u> |

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|--|----------------|-------------------|----------------|
| 11. RESERVES - CASH BACKED | | | |
| (a) Leave Reserve | | | |
| Opening Balance | 66,231 | 66,231 | 90,526 |
| Amount Set Aside / Transfer to Reserve | 2,781 | 1,458 | 5,705 |
| Amount Used / Transfer from Reserve | 0 | 0 | (30,000) |
| | <u>69,012</u> | <u>67,689</u> | <u>66,231</u> |
| (b) Plant Reserve | | | |
| Opening Balance | 91,205 | 91,205 | 21,855 |
| Amount Set Aside / Transfer to Reserve | 57,329 | 15,506 | 69,350 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>148,534</u> | <u>106,711</u> | <u>91,205</u> |
| (c) Municipal Building Reserve | | | |
| Opening Balance | 244,890 | 244,890 | 230,569 |
| Amount Set Aside / Transfer to Reserve | 10,282 | 5,388 | 14,321 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>255,172</u> | <u>250,278</u> | <u>244,890</u> |
| (d) Recreation and Development Reserve | | | |
| Opening Balance | 216,108 | 216,108 | 175,424 |
| Amount Set Aside / Transfer to Reserve | 14,073 | 9,754 | 40,684 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>230,181</u> | <u>225,862</u> | <u>216,108</u> |
| (e) Administration Centre Furniture & Equipment Reserve | | | |
| Opening Balance | 1,888 | 1,888 | 21,108 |
| Amount Set Aside / Transfer to Reserve | 79 | 42 | 1,280 |
| Amount Used / Transfer from Reserve | 0 | 0 | (20,500) |
| | <u>1,967</u> | <u>1,930</u> | <u>1,888</u> |
| (f) Recreation Centre Equipment Reserve | | | |
| Opening Balance | 7,931 | 7,931 | 9,697 |
| Amount Set Aside / Transfer to Reserve | 2,133 | 1,974 | 2,434 |
| Amount Used / Transfer from Reserve | (6,000) | (7,500) | (4,200) |
| | <u>4,064</u> | <u>2,405</u> | <u>7,931</u> |
| (g) Aerodrome Maintenance & Development Reserve | | | |
| Opening Balance | 1,589 | 1,589 | 11,602 |
| Amount Set Aside / Transfer to Reserve | 67 | 35 | 687 |
| Amount Used / Transfer from Reserve | 0 | 0 | (10,700) |
| | <u>1,656</u> | <u>1,624</u> | <u>1,589</u> |

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|--|------------------|-------------------|----------------|
| 11. RESERVES - CASH BACKED (continued) | | | |
| (h) Land Development Reserve | | | |
| Opening Balance | 22,542 | 22,542 | 143,507 |
| Amount Set Aside / Transfer to Reserve | 50,946 | 255,496 | 9,035 |
| Amount Used / Transfer from Reserve | 0 | (200,000) | (130,000) |
| | <u>73,488</u> | <u>78,038</u> | <u>22,542</u> |
| (i) Community Bus Reserve | | | |
| Opening Balance | 37,478 | 37,478 | 31,890 |
| Amount Set Aside / Transfer to Reserve | 4,203 | 3,824 | 5,588 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>41,681</u> | <u>41,302</u> | <u>37,478</u> |
| (j) HACC Plant & Leave Reserve | | | |
| Opening Balance | 93,748 | 93,748 | 55,424 |
| Amount Set Aside / Transfer to Reserve | 18,936 | 2,063 | 38,324 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>112,684</u> | <u>95,811</u> | <u>93,748</u> |
| (k) Refuse site/ Waste Management Reserve | | | |
| Opening Balance | 32,000 | 32,000 | 0 |
| Amount Set Aside / Transfer to Reserve | 41,344 | 15,704 | 32,000 |
| Amount Used / Transfer from Reserve | (41,400) | (45,000) | 0 |
| | <u>31,944</u> | <u>2,704</u> | <u>32,000</u> |
| (l) 5 Amott St Maintenance Reserve | | | |
| Opening Balance | 6,422 | 6,422 | 0 |
| Amount Set Aside / Transfer to Reserve | 270 | 141 | 6,422 |
| Amount Used / Transfer from Reserve | (1,100) | (2,000) | 0 |
| | <u>5,592</u> | <u>4,563</u> | <u>6,422</u> |
| (m) Staff Housing Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 0 | 230,000 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>0</u> | <u>230,000</u> | <u>0</u> |
| (n) Wagin Water Management Plan Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 118,978 | 0 | 0 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>118,978</u> | <u>0</u> | <u>0</u> |
| TOTAL CASH BACKED RESERVES | <u>1,094,953</u> | <u>1,108,917</u> | <u>822,032</u> |

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

11. RESERVES - CASH BACKED (continued)

Leave Reserve

The purpose of Council's Leave Reserve Account is to provide provisions to meet Council's Long Service Leave and Accrued Annual Leave liabilities so as to minimise the effect on Council's budget from year to year.

Plant Reserve

The purpose of the Plant reserve account is to provide funds for the ongoing replacement and upgrading of motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.

Municipal Buildings Reserve

The purpose of the Municipal Buildings Reserve is to provide funds for the upgrading, renovating or restoration of existing Council owned buildings and the construction of new Council owned buildings, including fences and Council houses.

Recreation & Development Reserve

The purpose of the Recreation & Development Reserve is to provide funds for the expansion, upgrading and development of Council's Recreation facilities. This includes the upgrading of Water supplies and the like for recreational areas within the Shire of Wagin.

Administration Centre Furniture & Equipment Reserve

The purpose of this Reserve is to provide for the purchase of furniture, fittings and equipment with the Council's entire administration building.

Recreation Centre Equipment Reserve

The purpose of the Recreation Centre Equipment is to provide funds for the purchase of additional or replacement equipment utilised at the Wagin Community Recreation Centre including the upgrading or replacement of fixtures and fittings.

Aerodrome Maintenance & Development Reserve

The purpose of this Reserve is to provide for major maintenance type works (eg resealing of apron area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, upgrading buildings, fences, etc) at the Wagin Airstrip.

Land Development Reserve

The purpose of this Reserve is to provide funds for the development of land within the Wagin Shire for the benefit of residents and the good Government of the local authority, as determined by Council. This includes the purchase, subdivision and development of land for industrial, residential, commercial and other purposes, as the need arises and the Council sees fit.

Community Bus Reserve

The purpose of this Reserve is to provide funds to allow for the maintenance, upgrade and changeover of the Wagin Community Bus as required from time to time.

HACC Plant & Leave Reserve

The purpose of this Reserve is to provide provisions to meet the HACC long service leave and accrued annual leave liabilities so as to minimise the effect on the HACC budget from year to year and to provide for the replacement of vehicles, should grant monies not be provided or are insufficient to meet requirements.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

11. RESERVES - CASH BACKED (continued)

Refuse Site / Waste Management

The purpose of the Refuse Site / Waste Management Reserve is to provide funds for a new refuse site, restoration of the existing site and future costs for the waste management in working towards zero waste.

5 Arnott Street Maintenance

The purpose of this Reserve is to meet maintenance costs for the Council's 5 Arnott Street property.

Staff Housing Reserve

The purpose of the Staff Housing Reserve was to provide funds for the replacement and upgrading of Council's Staff Houses, including the building of new staff housing, however this is now done through the Municipal Buildings Reserve

Wagin Water Management Plan Reserve

The purpose of the Wagin Water management Plan is to ensure Council spends the surplus Rural Towns grant and Council funds on measures and projects in line with the water management plan.

No Council Reserves will be fully utilised in the 2010/2011 financial year.

12. RESERVES - ASSET REVALUATION

| | 2010 | 2009 |
|---|------------------|-------------|
| | \$ | \$ |
| Asset revaluation reserves have arisen on revaluation of the following classes of assets: | | |
| Roads | | |
| Balance as at 1 July 2009 | 0 | 0 |
| Revaluation Increment | 3,893,170 | 0 |
| Revaluation Decrement | 0 | 0 |
| Balance as at 30 June 2010 | 3,893,170 | 0 |
| TOTAL ASSET REVALUATION RESERVES | 3,893,170 | 0 |

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2010 \$ | 2010 Budget \$ | 2009 \$ |
|--|--------------------|-------------------------------|--------------------|
| Cash and Cash Equivalents | <u>2,216,746</u> | <u>1,188,917</u> | <u>1,747,004</u> |
| | | | |
| (b) Reconciliation of Net Cash Provided By Operating Activities to Net Result | 2010 \$ | 2010 Budget \$ | 2009 \$ |
| Net Result | 252,806 | 338,107 | 1,150,394 |
| Depreciation | 876,455 | 628,817 | 635,054 |
| (Profit)/Loss on Sale of Asset | (29,591) | (302,633) | 15,414 |
| (Increase)/Decrease in Receivables | 314,948 | 405,842 | (260,019) |
| (Increase)/Decrease in Inventories | (21,368) | (2,582) | (143,888) |
| Increase/(Decrease) in Payables | 75,197 | (17,600) | (91,476) |
| Increase/(Decrease) in Employee Provisions | 53,992 | (5,473) | 5,637 |
| Grants/Contributions for the Development of Assets | (321,928) | (956,573) | (922,266) |
| Net Cash from Operating Activities | <u>1,200,511</u> | <u>87,905</u> | <u>388,850</u> |
| | | | |
| (c) Undrawn Borrowing Facilities | | | |
| Credit Standby Arrangements | | | |
| Bank Overdraft limit | 0 | | 0 |
| Bank Overdraft at Balance Date | 0 | | 0 |
| Credit Card limit | 14,000 | | 13,000 |
| Credit Card Balance at Balance Date | (1,528) | | 9,592 |
| Total Amount of Credit Unused | <u>12,472</u> | | <u>22,592</u> |
| Loan Facilities | | | |
| Loan Facilities - Current | 44,526 | | 41,643 |
| Loan Facilities - Non-Current | 526,263 | | 570,789 |
| Total Facilities in Use at Balance Date | <u>570,789</u> | | <u>612,432</u> |
| | | | |
| Unused Loan Facilities at Balance Date | <u>0</u> | | <u>0</u> |

14. CONTINGENT LIABILITIES

Council has no Contingent Liabilities as at 30th June 2010

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | | |
|--|----------------|----------------|
| 15. CAPITAL AND LEASING COMMITMENTS | 2010 | 2009 |
| | \$ | \$ |
| (a) Finance Lease Commitments | | |
| Council has no Finance Lease or Hire Purchase Commitments as at 30th June 2010 | | |
| (b) Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not capitalised in the accounts. | | |
| Payable: | | |
| - not later than one year | 41,307 | 41,307 |
| - later than one year but not later than five years | 108,119 | 149,426 |
| - later than five years | 0 | 0 |
| | <u>149,426</u> | <u>190,733</u> |

(c) Capital Expenditure Commitments

Council has no Capital Expenditure Commitments as at 30th June 2010

16. JOINT VENTURE

The Shire together with the Shires of West Arthur and Williams have a joint venture arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The cost of the arrangement is calculated on a percentage basis being Wagin 50%, Williams 37.5% and West Arthur 12.5%.

| | | |
|---|-------------------|-------------------|
| 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY | 2010 | 2009 |
| | \$ | \$ |
| Governance | 665,792 | 541,095 |
| General Purpose Funding | 100,853 | 0 |
| Law, Order, Public Safety | 135,535 | 98,683 |
| Health | 292,703 | 394,327 |
| Education and Welfare | 188,476 | 205,110 |
| Community Amenities | 174,070 | 142,967 |
| Recreation and Culture | 2,859,803 | 2,633,507 |
| Transport | 21,059,962 | 16,979,408 |
| Economic Services | 110,960 | 180,152 |
| Other Property and Services | 762,474 | 185,500 |
| Unallocated | 2,383,825 | 3,140,182 |
| | <u>28,734,453</u> | <u>24,500,931</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| 18. FINANCIAL RATIOS | 2010 | 2009 | 2008 |
|--|------|------|------|
| Current Ratio | 1.05 | 1.60 | 0.63 |
| Untied Cash to Unpaid Trade Creditors Ratio | 0.94 | 0.49 | 0.12 |
| Debt Ratio | 0.05 | 0.05 | 0.05 |
| Debt Service Ratio | 0.02 | 0.02 | 0.02 |
| Gross Debt to Revenue Ratio | 0.12 | 0.13 | 0.09 |
| Gross Debt to Economically Realisable Assets Ratio | 0.06 | 0.07 | 0.05 |
| Rate Coverage Ratio | 0.29 | 0.26 | 0.29 |
| Outstanding Rates Ratio | 0.06 | 0.06 | 0.04 |

The above ratios are calculated as follows:

| | |
|--|--|
| Current Ratio | $\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Untied Cash to Unpaid Trade Creditors Ratio | $\frac{\text{untied cash}}{\text{unpaid trade creditors}}$ |
| Debt Ratio | $\frac{\text{total liabilities}}{\text{total assets}}$ |
| Debt Service Ratio | $\frac{\text{debt service cost}}{\text{available operating revenue}}$ |
| Gross Debt to Revenue Ratio | $\frac{\text{gross debt}}{\text{total revenue}}$ |
| Gross Debt to Economically Realisable Assets Ratio | $\frac{\text{gross debt}}{\text{economically realisable assets}}$ |
| Rate Coverage Ratio | $\frac{\text{net rate revenue}}{\text{operating revenue}}$ |
| Outstanding Rates Ratio | $\frac{\text{rates outstanding}}{\text{rates collectable}}$ |

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

19. TRUST FUNDS

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

| | Balance 1-Jul-09 \$ | Amounts Received \$ | Amounts Paid (\$) | Balance 30-Jun-10 \$ |
|------------------------------|---------------------------|---------------------------|-------------------------|----------------------------|
| Deposits - Town Hall | 700 | 2,100 | (1,800) | 1,000 |
| Deposits - Community Bus | 150 | 2,550 | (2,250) | 450 |
| Deposits - Rec Centre | 950 | 5,550 | (6,000) | 500 |
| Deposits - Animal Trap | 0 | 0 | 0 | 0 |
| BCITF | 0 | 6,001 | (6,001) | 0 |
| BRB | 0 | 1,757 | (1,757) | 0 |
| Nomination Deposits | 0 | 640 | (640) | 0 |
| Other Deposits | 999 | 229 | 0 | 1,228 |
| Unclaimed Money | 1,433 | 0 | 0 | 1,433 |
| In Lieu of Public Open Space | 0 | 8,200 | 0 | 8,200 |
| Refuse Site Keys | 0 | 20 | 0 | 20 |
| Licensing Takings | 18,548 | 1,131,337 | (1,144,531) | 5,354 |
| | <u>22,780</u> | <u>1,158,384</u> | <u>(1,162,979)</u> | <u>18,185</u> |

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

| | Net Book Value | | Sale Price | | Profit (Loss) | |
|--------------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|
| | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Governance | | | | | | |
| 2008 Holden Commodore | 22,910 | 27,450 | 25,455 | 25,454 | 2,545 | (1,996) |
| Recreation and Culture | | | | | | |
| 2005 Toro Ride On Mower | 16,309 | 16,561 | 9,000 | 10,000 | (7,309) | (6,561) |
| Transport | | | | | | |
| 2008 Holden Captiva | 24,105 | 28,510 | 26,018 | 25,900 | 1,913 | (2,610) |
| Case Vibromax Steel Roller | 7,988 | 11,992 | 23,500 | 20,000 | 15,512 | 8,008 |
| Other Property & Services | | | | | | |
| Lot 69 Marks Court | 28,525 | 28,524 | 45,455 | 45,000 | 16,930 | 16,476 |
| Other Properties | - | 165,684 | - | 455,000 | - | 289,316 |
| | <u>99,837</u> | <u>278,721</u> | <u>129,428</u> | <u>581,354</u> | <u>29,591</u> | <u>302,633</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

| Particulars | Principal 1-Jul-09 \$ | New Loans \$ | Principal Repayments | | Principal 30-Jun-10 | | Interest Repayments | |
|---------------------------------|-----------------------------|--------------------|-------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Health | | | | | | | | |
| 124 Medical Centre | 72,327 | | 22,455 | 22,455 | 49,872 | 49,872 | 4,722 | 4,722 |
| Recreation & Culture | | | | | | | | |
| 131 Recreation Centre | 126,163 | | 4,961 | 4,961 | 121,202 | 121,202 | 7,984 | 7,984 |
| 133 Wagin Bowling Club | 149,800 | | 7,038 | 7,038 | 142,762 | 142,762 | 10,102 | 10,102 |
| Education & Welfare | | | | | | | | |
| 137 5 Arnott Street | 264,142 | | 7,189 | 7,189 | 256,953 | 256,953 | 15,705 | 15,705 |
| | 612,432 | 0 | 41,643 | 41,643 | 570,789 | 570,789 | 38,513 | 38,513 |

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

(b) New Debentures - 2009/10

There were no new debentures in 2009/2010.

(c) Unspent Debentures

There were no unspent Loan Debenture Funds as at 30th June 2010.

(d) Overdraft

Council did not use an overdraft facility during 2009/10 Financial Year and does not have any overdraft facility in place.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|--|------------|----------------------|-------------------|-----------------|------------------|---------------|------------------|------------------------|------------------------|---------------------|-------------------------|
| Differential General Rate | | | | | | | | | | | |
| Gross Rental Value | 0.1202600 | 701 | 4,414,150 | 528,881 | 9,971 | 0 | 538,852 | 528,881 | 5,000 | 500 | 534,381 |
| Unimproved Value | 0.0597420 | 330 | 151,762,177 | 905,002 | 3,040 | 0 | 908,042 | 905,002 | 2,000 | 0 | 907,002 |
| Sub-Totals | | 1,031 | 156,176,327 | 1,433,883 | 13,011 | 0 | 1,446,894 | 1,433,883 | 7,000 | 500 | 1,441,383 |
| Minimum Rates | | | | | | | | | | | |
| Gross Rental Value | 400.00 | 182 | 132,880 | 72,800 | 0 | 0 | 72,800 | 72,800 | 0 | 0 | 72,800 |
| Unimproved Value | 400.00 | 43 | 1,625,500 | 17,200 | 0 | 0 | 17,200 | 17,200 | 0 | 0 | 17,200 |
| Sub-Totals | | 225 | 1,758,380 | 90,000 | 0 | 0 | 90,000 | 90,000 | 0 | 0 | 90,000 |
| Specified Area Rate (refer note 23) | | | | | | | | | | | |
| Discounts (refer note 25) | | | | | | | 1,536,894 | | | | 1,531,383 |
| Totals | | | | | | | 1,536,894 | | | | 1,531,383 |
| | | | | | | | (55,123) | | | | (55,000) |
| | | | | | | | 1,481,771 | | | | 1,476,383 |

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

The Shire of Wagin did not levy Specified Area Rates for the 2009/10 financial year.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

The Shire of Wagin did not levy any Service Charges for the 2009/10 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

| | Type | Disc % | Total Cost/ Value \$ | Budget Cost/ Value \$ |
|-----------------|-----------|--------|----------------------------|--------------------------------|
| General Rates | Discount | 5.00% | 55,123 | 55,000 |
| | | | 55,123 | 55,000 |
| Rate Assessment | Write-Off | | 7,222 | 4,000 |

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS - 2009/10 FINANCIAL YEAR

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|----------------------------|-----------------------|------------------------|---------------|---------------------------|
| Interest on Unpaid Rates | 11.00% | | 11,198 | 9,000 |
| Charges on Instalment Plan | | 5 | 4,404 | 4,500 |
| | | | 15,602 | 13,500 |

Ratepayers had the option of paying rates in four equal instalments, due on 8th October 2009, 8th December 2009, 8th February 2010 and 8th April 2010. Administration charges and interest applied for the final three instalments.

| 27. FEES & CHARGES | 2010 | 2009 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| General Purpose Funding | 37,487 | 37,320 |
| Law, Order, Public Safety | 10,085 | 6,983 |
| Health | 4,593 | 4,844 |
| Education and Welfare | 32,465 | 23,116 |
| Community Amenities | 227,468 | 206,523 |
| Recreation and Culture | 29,116 | 32,151 |
| Economic Services | 42,942 | 40,652 |
| Other Property and Services | 123,063 | 34,997 |
| | <u>507,219</u> | <u>386,586</u> |

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

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

| | | | |
|--|------------------|----------------|------------------|
| 28. GRANT REVENUE | 2010 | | 2009 |
| | \$ | | \$ |
| By Nature and Type: | | | |
| Operating Grants, Subsidies and Contributions | 2,383,307 | | 2,193,841 |
| Non-Operating Grants, Subsidies and Contributions | 321,928 | | 922,266 |
| | <u>2,705,235</u> | | <u>3,116,107</u> |
| By Program: | | | |
| General Purpose Funding | 1,114,261 | | 2,012,894 |
| Law, Order, Public Safety | 46,303 | | 42,096 |
| Education and Welfare | 270,998 | | 307,101 |
| Community Amenities | 180,000 | | 72,000 |
| Recreation and Culture | 3,000 | | 3,000 |
| Transport | 967,195 | | 679,016 |
| Economic Services | 118,978 | | 0 |
| Other Property & Services | 4,500 | | 0 |
| | <u>2,705,235</u> | | <u>3,116,107</u> |
| 29. COUNCILLORS' REMUNERATION | 2010 | 2010 | 2009 |
| | \$ | Budget | \$ |
| | | \$ | |
| The following fees, expenses and allowances were paid to council members and/or the president. | | | |
| Meeting Fees | 5,425 | 8,000 | 6,391 |
| President's Allowance | 6,000 | 6,000 | 5,629 |
| Deputy President's Allowance | 1,550 | 1,550 | 1,500 |
| Travelling Expenses | 2,211 | 3,000 | 2,610 |
| Telecommunications Allowance | 0 | 400 | 0 |
| | <u>15,186</u> | <u>18,950</u> | <u>16,130</u> |
| 30. EMPLOYEE NUMBERS | 2010 | | 2009 |
| The number of full-time equivalent employees at balance date | <u>25</u> | | <u>28</u> |
| 31. MAJOR LAND TRANSACTIONS | | | |
| <u>Pederick Drive Stage 2 Residential Subdivision</u> | | | |
| (a) Details | | | |
| Council, in the 2008/2009 financial year, completed the second stage of the Pederick Drive Subdivision and was sell one of the six residential lots. | | | |
| (b) Current year transactions | 2010 | 2010 | 2009 |
| | \$ | Budget | \$ |
| | | \$ | |
| Operating Income | | | |
| - Profit on sale | 16,930 | 98,855 | 0 |
| Capital Income | | | |
| Excess proceeds over expenses | 28,525 | 270,000 | 0 |
| Capital Expenditure | | | |
| - Purchase of Land | 0 | 0 | 0 |
| - Development Costs | 0 | 0 | (145,332) |
| | <u>45,455</u> | <u>368,855</u> | <u>(145,332)</u> |

The above capital expenditure is included as land held for resale (refer Note 5).

There are no liabilities in relation to this land transaction as at 30 June 2010.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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31. MAJOR LAND TRANSACTIONS (continued)

Pederick Drive Stage 2 Residential Subdivision (continued)

(c) Expected Future Cash Flows

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | Total |
|-----------------------|----------------|----------|----------|----------|----------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Outflows | | | | | | |
| - Development Costs | 0 | 0 | 0 | 0 | 0 | 0 |
| - Loan Repayments | 0 | 0 | 0 | 0 | 0 | 0 |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash Inflows | | | | | | |
| - Loan Proceeds | 0 | 0 | 0 | 0 | 0 | 0 |
| - Sale Proceeds | 200,000 | 0 | 0 | 0 | 0 | 200,000 |
| | <u>200,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>200,000</u> |
| Net Cash Flows | <u>200,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>200,000</u> |

Vernal Street Light Industrial Subdivision

(a) Details

Council anticipated the acquisition of land during 2009/2010 for a light industrial sub-division. Additional costs are to be incurred by Council in developing the 9 industrial lots. This is to include the provision of services such as sewerage, power and transport infrastructure. The development has stalled as we are seeking grant funding.

(b) Current year transactions

| | 2010 | 2010 | 2009 |
|----------------------------|---------------|----------------|---------------|
| | \$ | Budget | \$ |
| | | \$ | |
| Operating Revenue | | | |
| - Profit on sale | 0 | 0 | 0 |
| Capital Revenue | | | |
| - Sale Proceeds | 0 | 0 | 0 |
| Capital Expenditure | | | |
| - Purchase of Land | 0 | 50,000 | 0 |
| - Development Costs | 18,549 | 450,000 | 11,833 |
| | <u>18,549</u> | <u>500,000</u> | <u>11,833</u> |

The above capital expenditure is included as land held for resale (refer Note 5).

There are no liabilities in relation to this land transaction as at 30 June 2010.

(c) Expected Future Cash Flows

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | Total |
|-----------------------|----------|------------------|----------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Outflows | | | | | | |
| - Development Costs | 0 | 500,000 | 0 | 0 | 0 | 500,000 |
| - Loan Repayments | 0 | 0 | 0 | 0 | 0 | 0 |
| | <u>0</u> | <u>500,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>500,000</u> |
| Cash Inflows | | | | | | |
| - Loan Proceeds | 0 | 0 | 0 | 0 | 0 | 0 |
| - Sale Proceeds | 0 | 70,000 | 219,000 | 228,000 | 158,714 | 675,714 |
| | <u>0</u> | <u>70,000</u> | <u>219,000</u> | <u>228,000</u> | <u>158,714</u> | <u>675,714</u> |
| Net Cash Flows | <u>0</u> | <u>(430,000)</u> | <u>219,000</u> | <u>228,000</u> | <u>158,714</u> | <u>175,714</u> |

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2009/10 financial year.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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 | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 2010 \$ | 2009 \$ | 2010 \$ | 2009 \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 2,216,746 | 1,747,004 | 2,216,746 | 1,747,004 |
| Receivables | 397,406 | 719,392 | 397,406 | 719,392 |
| | <u>2,614,152</u> | <u>2,466,396</u> | <u>2,614,152</u> | <u>2,466,396</u> |
| Financial Liabilities | | | | |
| Payables | 407,064 | 331,867 | 407,064 | 331,867 |
| Borrowings | 570,789 | 612,432 | 543,891 | 532,738 |
| | <u>977,853</u> | <u>944,299</u> | <u>950,955</u> | <u>864,605</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.

(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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (continued)

(a) Cash and Cash Equivalents (continued)

| | 30-Jun-10 | 30-Jun-09 |
|--|-----------|-----------|
| | \$ | \$ |
| Impact of a 1% (*) movement in interest rates on cash and investments: | | |
| - Equity | 22,167 | 17,470 |
| - Income Statement | 22,167 | 17,470 |

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.

(b) Receivables

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

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

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

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

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

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

| | 30-Jun-10 | 30-Jun-09 |
|---|-----------|-----------|
| Percentage of Rates and Annual Charges | | |
| - Current | 0.00% | 0.00% |
| - Overdue | 100.00% | 100.00% |
| Percentage of Other Receivables | | |
| - Current | 73.00% | 94.00% |
| - Overdue | 27.00% | 6.00% |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

| | 2010 | 2009 | | | | |
|------------|-----------------------------|---------------------------------------|-----------------------------|--|---------------------------|--|
| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ | |
| Payables | 407,064 | 0 | 0 | 407,064 | 407,064 | |
| Borrowings | 80,156 | 239,092 | 564,891 | 884,139 | 570,789 | |
| | <u>487,220</u> | <u>239,092</u> | <u>564,891</u> | <u>1,291,203</u> | <u>977,853</u> | |
| Payables | 331,867 | 0 | 0 | 331,867 | 331,867 | |
| Borrowings | 80,156 | 266,270 | 617,870 | 964,296 | 612,432 | |
| | <u>412,023</u> | <u>266,270</u> | <u>617,870</u> | <u>1,296,163</u> | <u>944,299</u> | |

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

| | <1 year | >1<2 years | >2<3 years | >3<4 years | >4<5 years | >5 years | Total | Weighted Average Effective Interest Rate % |
|--|---------|------------|------------|------------|------------|----------|---------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Year Ended 30 June 2010 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed Rate Debentures | 0 | 0 | 49,873 | 0 | 0 | 520,916 | 570,789 | 6.41% |
| Weighted Average Effective Interest Rate | 0.00% | 0.00% | 7.07% | 0.00% | 0.00% | 6.34% | | |
| Year Ended 30 June 2009 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed Rate Debentures | 0 | 0 | 0 | 72,328 | 0 | 540,104 | 612,432 | 6.43% |
| Weighted Average Effective Interest Rate | 0.00% | 0.00% | 0.00% | 7.07% | 0.00% | 6.35% | | |



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

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Wagin, which comprises the Statement of Financial Position as at 30 June 2010 and the Statement of Comprehensive Income by nature or type, Statement of Comprehensive Income by program, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls 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 judgment, 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

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

- a giving a true and fair view of the Shire's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF WAGIN (continued)**

Other Matters

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 15 October 2010
Perth, WA
2009 Shire of Wagin A06