



# SHIRE OF WAGIN



# 2008/2009 ANNUAL REPORT



### Shire of Wagin

2 Arthur Road (PO Box 200) Wagin WA 6315

E-mail: [shire@wagin.wa.gov.au](mailto:shire@wagin.wa.gov.au) Website: [www.wagin.wa.gov.au](http://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	890
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	\$1,476,383
Total Revenue	\$5,597,094
Council Employees	32

### Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Norring Lake, Marroblie 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 2<sup>nd</sup> 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.

## TABLE OF CONTENTS

<b>Introduction</b>	Page
<b>General Information</b>	<b>5-8</b>
Presidents Report	9
Chief Executive Officer's Report	10-13
Disability Services Plan	14
State Records Act	15
Plan for the Future	15
<b>Financial Report</b>	<b>16</b>
Statement by Chief Executive Officer	17
Income Statement by Nature and Type	18
Income Statement by Program	19
Balance Sheet	20
Statement of Changes in Equity	21
Statement of Cash Flows	22
Rate Setting Statement	23
<b>Notes To, And Forming Part of, The Financial Report</b>	
Note 1      Significant Accounting Policies	24-35
Note 2      Revenues and Expenses	36-39
Note 3      Cash Assets	40
Note 4      Receivables	40
Note 5      Inventories	41
Note 6      Properties, Plant & Equipment	41-42
Note 7      Infrastructure	43-44
Note 8      Payables	45
Note 9      Interest – Bearing Liabilities	45
Note 10     Provisions	45
Note 11     Reserves – Cash Backed	46-48
Note 12     Reserves – Asset Valuation	49
Note 13     Notes to the Statement of Cash Flows	49
Note 14     Contingent Liabilities	50
Note 15     Capital and Leasing Commitments	50
Note 16     Joint Venture	50
Note 17     Total Assets Classified by Function & Activity	50
Note 18     Financial Ratios	51
Note 19     Trust Funds	52
Note 20     Disposal of Assets	52
Note 21     Information on Borrowings	53-54
Note 22     Rating Information	55
Note 23     Specified Area Rate	56
Note 24     Service Charges	56

---

Shire of Wagin  
**Annual Report 2008/2009**

---

Note 25	Discounts, Incentives, Concessions & Write-Offs	56
Note 26	Interest Charges & Instalments	56
Note 27	Fees & Charges	56
Note 28	Grant Revenue	57
Note 29	Councillors Remuneration	57
Note 30	Employees Remuneration	57
Note 31	Employee Numbers	57
Note 32	Major Land Transactions	58-59
Note 33	Trading Undertaking & Major Trading Undertakings	59
Note 34	Financial Risk Management	60-64

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 30<sup>th</sup> June 2009 are -

#### **Cr PJ (Phillip) Blight – Shire President**

Elected to office in 1992, Retiring 2011

- Finance & General Purposes Committee
- Asset Management Committee
- WALGA Central Zone
- Woororama Committee
- Roadwise Committee
- LEMC & Safer WA Committee
- Structural Reform Committee
- Lakes Sub-Regional Road Group (Proxy)
- Land Conservation District Committee
- Telecentre Committee
- Civic Awards Committee
- Audit Committee
- Waste Management & Recycling Committee

#### **Cr GR (Greg Ball) – Deputy Shire President**

Elected to office in 2007, Retiring 2011

- Finance & General Purposes Committee
- Swimming Pool Redevelopment Committee
- Economic Development Committee
- WALGA Central Zone
- Structural Reform Project Team
- Wagin Woodanilling Landcare Zone
- Sportsground Advisory Community Centre Management Committee
- Civic Awards Committee
- Audit Committee

#### **Cr IC (Ian) Cumming**

Elected to office in 1990, Retiring 2009

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

**Cr DK (Dean) Morgan**

Elected to office in 2003, Retiring 2009

- Works & Service Committee
- Finance & General Purposes Committee
- Townscape & Tidy Towns Advisory Committee
- Swimming Pool Redevelopment Committee
- Health Services Committee
- Sportsground Advisory Community Centre Management Committee
- Economic Development Committee
- Bushfire Advisory Committee
- Audit Committee

**Cr AC (Austin) Dohle**

Elected to office in 2005, Retiring 2009

- Finance & General Purposes Committee
- Swimming Pool Redevelopment Committee
- Bushfire Advisory Committee
- Wagin/Woodanilling Landcare Zone
- School Bus Committee
- Audit Committee

**Cr JLC (Lachlan) Ballantyne**

Elected to office in 2005, Retiring 2009

- Works & Services Committee
- Swimming Pool Redevelopment Committee
- Health Services Committee
- Cottage Homes Committee
- Waste Management Committee
- Economic Development Committee
- Structural Reform Project Team

**Cr JL (Jenny) Ewen**

Elected to office in 2006, Retiring 2009

- Health Services Committee
- Historical Village Committee
- Wagin Tourism Committee
- Frail Aged Hostel Committee
- Roadwise Committee
- LEMAC & Safer Committee

**Cr KM (Keith) Draper**

Elected to office in 2003, Retiring 2011

- Works & Services Committee
- Townscape & Tidy Towns Advisory Committee
- Swimming Pool Redevelopment Committee
- Asset Management Committee
- Health Services Committee
- Economic Development 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
- Community Bus Committee
- Roadwise Committee
- LEMC & Safer WA Committee
- Structural Reform Committee

**Cr G (Geoff) West**

Elected to office in Feb 2009, Retiring 2009

- Works & Services Committee
- Finance & General Purposes
- Asset Management Committee
- Structural Reform Project Team
- Sportsground Advisory
- Community Centre Management Committee (Proxy)
- Townscape & Tidy Towns Advisory 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](http://www.wagin.wa.gov.au).

### Management

Acting Chief Executive Officer	Len Calneggia
Director of Corporate and Community Services	Anton Pieterse
Principal Environmental Health Officer & Building Surveyor	Steve Friend
Director of Works	Allen Hicks

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 2008 / 2009 financial year.

It has been a challenging year for Council and Local Government as a whole. Council amalgamations and sustainability has been a topical and time consuming issue during the year. I would like to assure all ratepayers and residents that Council will continue to consult and report on any developments with this issue.



Council was fortunate enough to receive additional funding from The State and Federal governments through the Royalties for Regions program and the Regional and Local Community Infrastructure Program. The much needed additional \$726,000 will enable Council to improve its facilities for ratepayers, residents, sporting clubs and community groups throughout the shire. These funds have enabled Council to commence the new patient transfer facility at the Wagin Aerodrome, assistance to Wagin Frail Aged to build their new units and upgrades to Council staff housing.

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 2008/2009 were:

- The completion of the second stage of the Pederick Drive residential subdivision
- The purchase of 5 Arnott Street to secure the future expansion of Waratah Lodge
- Construction of a second town dam
- Construction of new public toilets near the Wagin Library
- Upgrades to the Shire Administration Office
- New footpaths along Tudhoe Street between Ventnor & Khedive Streets
- The employment of a refuse site attendant at the Refuse Disposal facility.

Council hosted a New Residents Reception in the Eric Farrow Pavilion in February 2009, this again proved to be a very popular and successful function with some 58 people attending including 32 new residents. Council also assisted the Wagin Agricultural Society hold another very successful Woolorama.

The Shire of Wagin remains in a strong financial position with solid reserve levels and low debt levels. Council has developed a Plan for the Future to help ensure high quality, affordable services and facilities are available or being developed for all residents and visitors. In the new financial year Council will be developing a strategic plan, this will provide Council with a blue print to ensure growth and prosperity in the future.

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**

Although I only took up my appointment as Acting Chief Executive Officer in April 2009 I have pleasure in presenting my report on the activities of the 2008/2009 financial year, some of which occurred obviously when I was not present.



The 2008/2009 Annual Budget was adopted by Council at a Special Council meeting on 12 August 2008 incorporating an increase in rate revenue of 6%.

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 78% 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:

- Works Depot shed improvements and wash down bay upgrade.
- Upgrades to Council housing
- New water pipe from the Shire depot catchment area to the White dam
- Bus depot car park upgrade

Council was very active in sourcing external grant funding to complement its operations and reduce its dependence on general revenue. During the Year in review Council received a total of \$3,116,107 in grant revenue. This included \$626,011 in Royalties for regions funding, \$679,016 for roads, bridges maintenance and capital works, \$100,000 from the Federal Government for a new emergency services transfer station at the aerodrome, \$307,100 for HACC and aged care, \$23,568 for FESA related projects and \$18,528 to purchase a speed alert monitoring trailer.

The State Government Royalties for Regions program has provided much needed extra funding for Country Shires. Not only has Council been able to upgrade and improve it's own facilities it has also been able to fund \$75,000 worth of projects for local sporting and community groups. The following projects have been funded by the Royalties for Regions program, these projects have either been completed, or will be completed in the new financial year. –

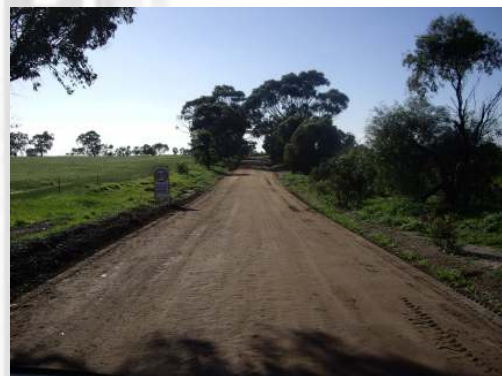
Administration Centre Disabled Toilet and Associated Works	\$50,000
Airstrip Upgrade	\$6,000
Blackspot Works	\$35,000
Category 4 Intersections	\$100,000
Community Groups' Infrastructure Upgrade	\$75,000
Footpaths	\$48,000
Library Car park	\$12,000
Staff Housing	\$60,000
Townscape	\$20,011
Waratah Expansion	\$100,000
Works at the Swimming Pool	\$120,000

The Manager of Works and his staff again carried out another successful works program in 2008/2009.

Some of the projects completed during the year included:

- Rural tree pruning program using a mulching head machine
- Continued surface corrections and resealing of Ballagin Road
- Various upgrade work on Beaufort, Jaloran, Wagin-Wickepin, Dongolocking, Warup West, Heights Ties, Taylors, Norring, Piesseville Jaloran, Bockaring and Noble Road.
- Construction of footpaths on Tudhoe Street, from Ventnor and Khedive Streets.
- Reseal of Rifle Street
- Construction of a new cul-de-sac and drainage work for the Pederick Drive stage 2 residential subdivision.

There were no major plant purchases during the year, however Council opted to trade in the 2003 13 tonne tandem tip truck and a lease a new Isuzu 13 tonne truck over 5 years. A number of light vehicles were upgraded during the year.



#### Waste Management

Strategic Waste Management Plans (SWMP) for the Wagin group were completed in the year passed. These plans were funded under the State Government Towards Zero Waste Plan Development Scheme. These funds were also utilised to employ a Strategic Waste Project Manager to assist with implementation of various initiatives identified in the SWMP's.

Wagin continues to be the "lead" council from among twelve (12) other Wheat-belt councils in determining ways of better managing waste. Plans are in place to secure one (or two) regional refuse sites and convert existing landfill sites into transfer stations.

#### Freedom of Information Act

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2008/2009 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 2008/2009 or any existing Local Laws reviewed.*

The Shire of Wagin did not privatise any activities in 2008/2009 consequently there were no obligations to report in this area.



### Structural Reform

Following the Minister for Local Government; Heritage; Citizenship and Multicultural Interests announcement in February 2009 of his desire to amalgamate the 139 Local Authorities in Western Australia to under 100 LA's, a great deal of time and effort from both staff and members has been consumed. As the period of review for this report ends at the 30 June 2009 it seems inappropriate to comments on happenings after that date however it is worth noting that Council's position from the in ception is that they do not accept nor want any forced amalgamations but are open minded with possible mergers with immediate neighbours in particular the local authorities within the 4WD VROC, namely Woodanilling, West Arthur, Williams and Dumbleyung provided that due diligence is allowed to occur.

### 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. 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 effort sometimes goes unnoticed.

**Len Calneggia**  
**Acting 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.



*Outcome 2: Access to buildings and facilities are improved.*

During 2008/2009 Council constructed a dual use path along Tudhoe Street, between Ventnor and Khedive Streets.

*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 within 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 Recordkeeping 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 2005/06.

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 2008/09 to 2012/13. No public submissions were received during the advertising period.

In 2008/2009 the following projects identified in the Plan for the Future document were completed:

- Pederick Drive Stage 2 Subdivision
- Construction of a new storm water catchment dam

The Plan for the Future must be reviewed every two years and this will take place in the first half of 2010.

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2009**



**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2009**

**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 2009 are in my opinion properly drawn up to present fairly the financial position of the Shire of Wagin at 30th June 2009 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 ninth day of December 2009.



---

Len Calneggia  
Acting Chief Executive Officer

**INCOME STATEMENT**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Rates	22	1,409,277	1,412,143	1,310,035
Operating Grants and Subsidies	28	2,193,841	2,940,715	1,716,418
Contributions Reimbursements & Donations		624,009	524,702	622,118
Fees and Charges	27	386,586	428,800	515,928
Interest Earnings	2(a)	72,750	96,203	91,519
Other Revenue		97,601	106,420	124,656
		4,784,064	5,508,983	4,380,674
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>				
Employee Costs		(2,126,041)	(2,005,065)	(2,045,191)
Materials and Contracts		(1,381,230)	(1,556,762)	(1,302,726)
Utility Charges		(168,358)	(201,768)	(165,067)
Depreciation on Non-Current Assets	2(a)	(635,054)	(968,633)	(944,195)
Interest Expenses	2(a)	(28,769)	(25,812)	(24,226)
Insurance Expenses		(63,776)	(68,020)	(75,569)
Other Expenditure		(137,294)	(1,267,734)	(233,553)
		(4,540,522)	(6,093,794)	(4,790,527)
		243,542	(584,811)	(409,853)
Non-Operating Grants, Subsidies and Contributions	28	922,266	90,000	142,812
Profit on Asset Disposals	20	7,837	8,000	67,702
Loss on Asset Disposal	20	(23,251)	(7,500)	(4,766)
<b>NET RESULT</b>		1,150,394	(494,311)	(204,105)

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

**INCOME STATEMENT  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2,009 \$	2,009 Budget \$	2,008 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		10,132	2,000	11,257
General Purpose Funding		3,603,891	2,653,510	2,461,090
Law, Order, Public Safety		53,631	35,358	63,702
Health		96,980	97,020	73,773
Education and Welfare		337,137	301,333	302,780
Community Amenities		280,994	294,310	286,550
Recreation and Culture		92,030	45,860	42,347
Transport		722,445	663,792	498,256
Economic Services		41,715	48,500	94,757
Other Property and Services		475,212	1,465,300	756,676
		5,714,167	5,606,983	4,591,188
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		(291,938)	(223,428)	(241,959)
General Purpose Funding		(242,653)	(283,597)	(224,514)
Law, Order, Public Safety		(130,540)	(153,803)	(150,306)
Health		(248,652)	(246,897)	(187,798)
Education and Welfare		(337,414)	(402,103)	(317,281)
Community Amenities		(428,275)	(538,652)	(247,541)
Recreation & Culture		(625,822)	(631,568)	(698,042)
Transport		(1,489,826)	(1,903,685)	(1,674,608)
Economic Services		(148,875)	(147,405)	(236,597)
Other Property and Services		(591,009)	(1,544,344)	(792,421)
		(4,535,004)	(6,075,482)	(4,771,067)
<b>BORROWING COSTS EXPENSE</b>				
Health		(6,229)	(6,229)	(7,635)
Recreation and Culture		(19,583)	(19,583)	(16,591)
Education and Welfare		(2,957)	0	0
	2 (a)	(28,769)	(25,812)	(24,226)
<b>NET RESULT</b>		1,150,394	(494,311)	(204,105)

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

**BALANCE SHEET  
AS AT 30TH JUNE 2009**

	NOTE	2,009 \$	2,008 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,747,004	1,068,121
Trade and Other Receivables	4	538,472	296,627
Inventories	5	39,141	52,418
<b>TOTAL CURRENT ASSETS</b>		<b>2,324,617</b>	<b>1,417,166</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	180,920	185,652
Inventories	5	157,165	0
Property, Plant and Equipment	6	6,004,018	5,880,080
Infrastructure	7	15,834,211	15,737,849
<b>TOTAL NON-CURRENT ASSETS</b>		<b>22,176,314</b>	<b>21,803,581</b>
<b>TOTAL ASSETS</b>		<b>24,500,931</b>	<b>23,220,747</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	331,867	423,343
Long Term Borrowings	9	41,643	48,512
Provisions	10	248,000	256,758
<b>TOTAL CURRENT LIABILITIES</b>		<b>621,510</b>	<b>728,613</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	570,789	348,291
Provisions	10	34,453	20,058
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>605,242</b>	<b>368,349</b>
<b>TOTAL LIABILITIES</b>		<b>1,226,752</b>	<b>1,096,962</b>
<b>NET ASSETS</b>		<b>23,274,179</b>	<b>22,123,785</b>
<b>EQUITY</b>			
Retained Surplus		22,452,147	21,332,183
Reserves - Cash Backed	11	822,032	791,602
Reserves - Asset Revaluation	12	0	0
<b>TOTAL EQUITY</b>		<b>23,274,179</b>	<b>22,123,785</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2,009 \$	2,008 \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2008		21,332,183	21,525,151
Net Result		1,150,394	(204,105)
Transfer from/(to) Reserves		(30,430)	11,137
Balance as at 30 June 2009		<u>22,452,147</u>	<u>21,332,183</u>
 <b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2008		791,602	802,739
Amount Transferred (to)/from Retained Surplus		30,430	(11,137)
Balance as at 30 June 2009	11	<u>822,032</u>	<u>791,602</u>
 <b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2008		0	0
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2009	12	<u>0</u>	<u>0</u>
<b>TOTAL EQUITY</b>		<u><u>23,274,179</u></u>	<u><u>22,123,785</u></u>

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

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2,009 \$	2,009 Budget \$	2,008 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		1,376,915	1,412,143	1,314,114
Operating Grants and Subsidies		2,193,841	2,940,715	1,716,418
Contributions Reimbursements & Donations		624,009	524,702	622,118
Fees and Charges		140,091	428,800	610,456
Interest Earnings		72,750	96,203	92,781
Goods and Services Tax		218,838	200,000	228,186
Other Revenue		97,601	133,564	107,214
		<u>4,724,045</u>	<u>5,736,127</u>	<u>4,691,287</u>
<b>Payments</b>				
Employee Costs		(2,115,462)	(2,005,065)	(2,062,248)
Materials and Contracts		(1,621,082)	(1,614,928)	(1,128,264)
Utility Charges		(168,358)	(201,768)	(165,067)
Insurance Expenses		(63,776)	(68,020)	(75,569)
Interest expenses		(29,223)	(25,812)	(24,226)
Goods and Services Tax		(200,000)	(200,000)	(231,356)
Other Expenditure		(137,294)	(1,267,734)	(217,940)
		<u>(4,335,195)</u>	<u>(5,383,327)</u>	<u>(3,904,670)</u>
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	13(b)	<u>388,850</u>	<u>352,800</u>	<u>786,617</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		(157,165)	(550,000)	(1,400)
Payments for Purchase of Property, Plant & Equipment		(630,231)	(1,093,000)	(771,630)
Payments for Construction of Infrastructure		(411,119)	(315,000)	(228,313)
Transfer to Inventories		157,165	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		922,266	90,000	142,812
Proceeds from Sale of Plant & Equipment		170,582	187,000	311,080
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		51,498	(1,681,000)	(547,451)
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(49,371)	(48,512)	(48,957)
Advances to Community Groups		0	0	(160,000)
Proceeds from Self Supporting Loans		22,906	22,906	25,040
Proceeds from New Debentures		265,000	915,000	160,000
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		238,535	889,394	(23,917)
<b>Net Increase (Decrease) in Cash Held</b>		678,883	(438,806)	215,249
Cash at Beginning of Year		1,068,121	1,106,921	852,872
<b>Cash and Cash Equivalents</b>				
<b>at the End of the Year</b>	13(a)	<u><u>1,747,004</u></u>	<u><u>668,115</u></u>	<u><u>1,068,121</u></u>

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	2,009 \$	2,009 Budget \$
<b>REVENUES</b>		
Governance	10,132	2,000
General Purpose Funding	2,194,614	1,218,461
Law, Order, Public Safety	53,631	35,358
Health	96,980	97,020
Education and Welfare	337,137	301,333
Community Amenities	280,994	294,310
Recreation and Culture	92,030	45,860
Transport	722,445	663,792
Economic Services	41,715	48,500
Other Property and Services	475,212	1,465,300
	4,304,890	4,171,934
<b>EXPENSES</b>		
Governance	(291,938)	(223,428)
General Purpose Funding	(242,653)	(226,394)
Law, Order, Public Safety	(130,540)	(153,803)
Health	(254,881)	(253,126)
Education and Welfare	(340,371)	(402,103)
Community Amenities	(428,275)	(538,652)
Recreation & Culture	(645,405)	(651,151)
Transport	(1,489,826)	(1,903,685)
Economic Services	(148,875)	(147,405)
Other Property and Services	(591,009)	(1,544,344)
	(4,563,773)	(6,044,091)
<b>Adjustments for Cash Budget Requirements:</b>		
<b>Non-Cash Expenditure and Revenue</b>		
(Profit)/Loss on Asset Disposals	15,414	(500)
Movement in Accrued Interest	(454)	0
Movement in Deferred Pensioner Rates (Non-Current)	(2,306)	0
Movement in Accrued Salaries and Wages	4,942	0
Movement in Employee Benefit Provisions	5,637	0
Depreciation and Amortisation on Assets	635,054	968,633
<b>Capital Expenditure and Revenue</b>		
Purchase Land Held for Resale	(157,165)	(580,000)
Purchase Land and Buildings	(367,477)	(668,000)
Purchase Infrastructure Assets - Roads	(317,102)	(240,000)
Purchase Infrastructure Assets - Other	(94,017)	(75,000)
Purchase Plant and Equipment	(198,402)	(343,000)
Purchase Furniture and Equipment	(64,353)	(52,000)
Proceeds from Disposal of Assets	170,582	187,000
Repayment of Debentures	(49,371)	(48,512)
Proceeds from New Debentures	265,000	915,000
Self-Supporting Loan Principal Income	22,906	22,906
Transfers to Reserves (Restricted Assets)	(225,830)	(216,013)
Transfers from Reserves (Restricted Assets)	195,400	389,500
<b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd	189,341	200,000
<b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd	1,178,193	0
<b>Amount Required to be Raised from Rates</b>	22	<u>(1,409,277)</u> <u>(1,412,143)</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 2009**

**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 Balance Sheet are stated inclusive of applicable GST.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet 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 balance sheet.

**(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 2009**

**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 Income Statement as at the time of signing a binding contract of sale.

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

**(g) Fixed Assets**

**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 reporting 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 2009**

**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 2009

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 reporting 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 balance sheet.

*(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 reporting 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 income statement. 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 income statement as gains and losses from investment securities.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**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 income statement 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 income statement 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 income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

**(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 the balance sheet 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 2009**

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

**(k) Impairment**

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

Where such an indication exists, an 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 Income Statement.

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 the balance sheet 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 2009**

**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 Balance Sheet and Income Statement. 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 2009**

**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 2009**

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

**(x) New Accounting Standards and Interpretations**

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 2009

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(ii) Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007 and April 2009	1 January 2009	Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

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

**(x) New Accounting Standards and Interpretations (Continued)**

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council.
(v) AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 2009	It is not anticipated the more significant changes will have any effect on the financial report as the topics are not relevant to the operations of the Council.
(vi) AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(vi) (Continued)			
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 January 2009	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 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	
AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	September 2008	1 January 2009	
AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2008	1 January 2009	

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

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

**(x) New Accounting Standards and Interpretations (Continued)**

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	Interpretation 12 – Service Concession Arrangements	June 2007	1 January 2009	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 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	
	Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	
	Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 18 – Transfers of Assets from Customers	March 2009	Ending 1 July 2009	

**Notes:**

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

Shire of Wagin  
Annual Report 2008/2009

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

2. REVENUES AND EXPENSES	2009 \$	2008 \$	
<b>(a) Result from Ordinary Activities</b>			
The Result from Ordinary Activities includes:			
(i) Charging as an Expense:			
<b>Auditors Remuneration</b>			
- Audit	13,415	9,330	
- Other Services	0	4,500	
<b>Depreciation</b>			
Buildings	72,961	107,476	
Furniture and Equipment	34,952	60,397	
Plant and Equipment	212,032	255,152	
Infrastructure	314,757	520,534	
Tools	352	636	
	<u>635,054</u>	<u>944,195</u>	
<b>Interest Expenses</b>			
Debentures ( <i>refer Note 21(a)</i> )	<u>28,769</u>	<u>24,226</u>	
	<u>28,769</u>	<u>24,226</u>	
<b>Rental Charges</b>			
- Operating Leases	<u>15,780</u>	<u>0</u>	
(ii) Crediting as Revenue:			
	<b>2009</b> \$	<b>2009</b> <b>Budget</b> \$	<b>2008</b> \$
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	49,263	57,203	56,223
- Other Funds	14,456	30,000	25,641
Other Interest Revenue ( <i>refer note 26</i> )	9,031	9,000	9,655
	<u>72,750</u>	<u>96,203</u>	<u>91,519</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**2. REVENUES 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.

Shire of Wagin  
Annual Report 2008/2009

---

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

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

**2009**                      **2008**  
\$                                      \$

**(c) Conditions Over Contributions**

Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).

New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.

Community Aged Care Packages (Education & Welfare)	18,950	20,203
Roads To Recovery (Transport)	33,441	33,441
Crime Prevention Grant (Law, Order & Public Safety)	12,400	40,000
Regional Refuse Group (Community Amenities)	108,000	0
Community Water Grant (Recreation & Culture)	31,818	0
Choose Respect Grant (Law, Order & Public Safety)	5,000	0
Designing Safer Communities Grant (Law, Order & Public Safety)	10,000	0
Bridal Creeper Grant (Economic Services)	5,200	0
	224,809	93,644
Less Over Statement of Cummunity Aged Care Packages	(4,617)	0
Add Under Statement of Regional Refuse Group	5,458	0
	225,650	93,644

Add:

New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.

Community Aged Care Packages (Education & Welfare)	34,236	12,537
Regional Refuse Group (Community Amenities)	72,000	108,000
Community Water Grant (Recreation & Culture)	0	31,818
Choose Respect Grant (Law, Order & Public Safety)	0	5,000
Designing Safer Communities Grant (Law, Order & Public Safety)	0	10,000
Bridal Creeper Grant (Economic Services)	0	5,200
Grants for Bridge Works (Transport)	116,419	0
Royalties for Regions (General Purpose Funding)	100,581	0
RLCIP (General Purpose Funding)	87,264	0
Speed Alert Monitor Trailer (Law, Order & Public Safety)	13,647	0
Federal Assiatnce Grants 09/10 (General Purpose Funding)	268,137	0
	692,284	172,555

Shire of Wagin  
Annual Report 2008/2009

---

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

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

**(c) Conditions Over Contributions (continued)**

Less:

Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.

Community Aged Care Packages (Education & Welfare)	15,551	13,790
Roads To Recovery (Transport)	33,441	0
Crime Prevention Grant (Law, Order & Public Safety)	3,848	27,600
Regional Refuse Group (Community Amenities)	64,310	0
Community Water Grant (Recreation & Culture)	28,743	0
Choose Respect Grant (Law, Order & Public Safety)	2,578	0
Designing Safer Communities Grant (Law, Order & Public Safety)	398	0
Bridal Creeper Grant (Economic Services)	5,200	0
	<u>154,069</u>	<u>41,390</u>

Closing balances of unexpended grants	<u>763,865</u>	<u>224,809</u>
---------------------------------------	----------------	----------------

Comprises:

Community Aged Care Packages (Education & Welfare)	33,018	18,950
Crime Prevention Grant (Law, Order & Public Safety)	8,552	12,400
Roads To Recovery (Transport)	0	33,441
Regional Refuse Group (Community Amenities)	121,148	108,000
Community Water Grant (Recreation & Culture)	3,075	31,818
Choose Respect Grant (Law, Order & Public Safety)	2,422	5,000
Designing Safer Communities Grant (Law, Order & Public Safety)	9,602	10,000
Bridal Creeper Grant (Economic Services)	0	5,200
Grants for Bridge Works (Transport)	116,419	0
Royalties for Regions (General Purpose h	100,581	0
RLCIP (General Purpose Funding)	87,264	0
Speed Alert Monitor Trailer (Law, Order & Public Safety)	13,647	0
Federal Assiatnce Grants 09/10 (General Purpose Funding)	268,137	0
	<u>763,865</u>	<u>224,809</u>

Shire of Wagin  
Annual Report 2008/2009

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	<b>2,009</b>	<b>2,008</b>
	<b>\$</b>	<b>\$</b>
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand - Municipal	161,107	51,710
Restricted	1,585,897	1,016,411
	<u>1,747,004</u>	<u>1,068,121</u>

The following is a reconcilliation of the municipal funds above:

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

Leave Reserve	66,231	90,526
Plant Reserve	91,205	21,855
Municipal Buildings Reserve	244,890	230,569
Recreation & Development Reserve	216,108	175,424
Administration Centre Furniture & Equipment Reserve	1,888	21,108
Recreation Centre Equipment Reserve	7,931	9,696
Aerodrome Maintenance & Development Reserve	1,589	11,603
Land Development Reserve	22,542	143,507
Community Bus Reserve	37,478	31,890
HACC Plant & Leave Reserve	93,748	55,424
Refuse Waste Management Reserve	32,000	0
5 Arnott Street Maint Reserve	6,422	0
Unexpended Grants	763,865	224,809
	<u>1,585,897</u>	<u>1,016,411</u>

**4. TRADE AND OTHER RECEIVABLES**

**Current**

Rates Outstanding	85,617	55,562
Sundry Debtors	445,817	199,322
GST Receivable	0	18,838
Loans - Clubs/Institutions	7,038	22,905
	<u>538,472</u>	<u>296,627</u>

**Non-Current**

Rates Outstanding - Pensioners	38,158	35,852
Loans - Clubs/Institutions	142,762	149,800
	<u>180,920</u>	<u>185,652</u>



Shire of Wagin  
Annual Report 2008/2009

---

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009 \$	2008 \$
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	39,141	52,418
	<u>39,141</u>	<u>52,418</u>
<b>Non-Current</b>		
Land Held for Resale - Cost	0	0
Cost of Acquisition	0	0
Development Costs	157,165	0
	<u>157,165</u>	<u>0</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	5,454,430	5,086,953
Less Accumulated Depreciation	(1,398,535)	(1,325,574)
	<u>4,055,895</u>	<u>3,761,379</u>
Furniture and Equipment - Cost	857,535	793,181
Less Accumulated Depreciation	(478,620)	(443,667)
	<u>378,915</u>	<u>349,514</u>
Plant and Equipment - Cost	2,629,235	2,713,526
Less Accumulated Depreciation	(1,063,195)	(947,859)
	<u>1,566,040</u>	<u>1,765,667</u>
Tools - Cost	11,355	11,355
Less Accumulated Depreciation	(8,187)	(7,835)
	<u>3,168</u>	<u>3,520</u>
	<u>6,004,018</u>	<u>5,880,080</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**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.

	<u>Land &amp; Buildings \$</u>	<u>Furniture &amp; Equipment \$</u>	<u>Plant &amp; Equipment \$</u>	<u>Tools \$</u>	<u>Total \$</u>
Balance as at 1 July 2008	3,761,379	349,514	1,765,667	3,520	5,880,080
Additions	524,642	64,353	198,401	0	787,396
(Disposals)	0	0	(185,996)		(185,996)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0
Depreciation (Expense)	(72,961)	(34,952)	(212,032)	(352)	(320,297)
Other Movements	(157,165)				(157,165)
Balance as at 30 June 2009	<u>4,055,895</u>	<u>378,915</u>	<u>1,566,040</u>	<u>3,168</u>	<u>6,004,018</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Infrastructure - Cost	21,452,047	21,040,928
Less Accumulated Depreciation	<u>(5,617,836)</u>	<u>(5,303,079)</u>
	15,834,211	15,737,849

These assets are subject to an annual assessment as to whether there is any indication an assets may have been impaired in accordance with AASB 136 "Impairment of Assets".

This policy accords with the requirements of AASB 116.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**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.

	<b>Infrastructure</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
Balance as at 1 July 2008	15,737,849	15,737,849
Additions	411,119	411,119
(Disposals)	0	0
Revaluation - Increments	0	0
- (Decrements)	0	0
Impairment - (losses)	0	0
- reversals	0	0
Depreciation (Expense)	(314,757)	(314,757)
Other Movements	0	0
Balance as at 30 June 2009	<u>15,834,211</u>	<u>15,834,211</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008
	\$	\$

**8. TRADE AND OTHER PAYABLES**

**Current**

Sundry Creditors	311,486	413,318
GST Payable	5,868	0
Accrued Interest on Debentures	1,696	2,150
Accrued Salaries and Wages	12,817	7,875
	<u>331,867</u>	<u>423,343</u>

**9. LONG-TERM BORROWINGS**

**Current**

Secured by Floating Charge Debentures		
	41,643	48,512
	<u>41,643</u>	<u>48,512</u>

**Non-Current**

Secured by Floating Charge Debentures		
	570,789	348,291
	<u>570,789</u>	<u>348,291</u>

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

**Current**

Provision for Annual Leave	121,326	118,081
Provision for Long Service Leave	126,674	138,677
	<u>248,000</u>	<u>256,758</u>

**Non-Current**

Provision for Long Service Leave	34,453	20,058
	<u>34,453</u>	<u>20,058</u>

Shire of Wagin  
Annual Report 2008/2009

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009 \$	2009 Budget \$	2008 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	90,526	90,526	103,290
Amount Set Aside / Transfer to Reserve	5,705	6,607	7,236
Amount Used / Transfer from Reserve	(30,000)	(30,000)	(20,000)
	<u>66,231</u>	<u>67,133</u>	<u>90,526</u>
<b>(b) Plant Reserve</b>			
Opening Balance	21,855	21,855	67,151
Amount Set Aside / Transfer to Reserve	69,350	81,595	4,704
Amount Used / Transfer from Reserve	0	0	(50,000)
	<u>91,205</u>	<u>103,450</u>	<u>21,855</u>
<b>(c) Municipal Buildings Reserve</b>			
Opening Balance	230,569	230,569	229,496
Amount Set Aside / Transfer to Reserve	14,321	16,830	16,073
Amount Used / Transfer from Reserve	0	(225,000)	(15,000)
	<u>244,890</u>	<u>22,399</u>	<u>230,569</u>
<b>(d) Recreation and Development Reserve</b>			
Opening Balance	175,424	175,424	140,578
Amount Set Aside / Transfer to Reserve	40,684	42,279	49,846
Amount Used / Transfer from Reserve	0	0	(15,000)
	<u>216,108</u>	<u>217,703</u>	<u>175,424</u>
<b>(e) Administration Centre Furniture &amp; Equipment Reserve</b>			
Opening Balance	21,108	21,108	15,988
Amount Set Aside / Transfer to Reserve	1,280	1,541	5,120
Amount Set Aside / Transfer to Reserve	(20,500)	0	0
Amount Used / Transfer from Reserve	<u>1,888</u>	<u>22,649</u>	<u>21,108</u>
<b>(f) Recreation Centre Equipment Reserve</b>			
Opening Balance	9,697	9,697	14,856
Amount Set Aside / Transfer to Reserve	2,434	2,508	2,840
Amount Used / Transfer from Reserve	(4,200)	(4,500)	(8,000)
	<u>7,931</u>	<u>7,705</u>	<u>9,696</u>
<b>(g) Aerodrome Maintenance &amp; Development Reserve</b>			
Opening Balance	11,602	11,602	6,171
Amount Set Aside / Transfer to Reserve	687	847	5,432
Amount Used / Transfer from Reserve	(10,700)	0	0
	<u>1,589</u>	<u>12,449</u>	<u>11,603</u>

Shire of Wagin  
Annual Report 2008/2009

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009 \$	2009 Budget \$	2008 \$
<b>11. RESERVES - CASH BACKED (continued)</b>			
<b>(h) Land Development Reserve</b>			
Opening Balance	143,507	143,507	162,153
Amount Set Aside / Transfer to Reserve	9,035	10,475	11,354
Amount Used / Transfer from Reserve	<u>(130,000)</u>	<u>(130,000)</u>	<u>(30,000)</u>
	<u>22,542</u>	<u>23,982</u>	<u>143,507</u>
<b>(i) Community Bus Reserve</b>			
Opening Balance	31,890	31,890	26,884
Amount Set Aside / Transfer to Reserve	5,588	5,276	5,006
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>37,478</u>	<u>37,166</u>	<u>31,890</u>
<b>(j) HACC Plant &amp; Leave Reserve</b>			
Opening Balance	55,424	55,424	36,172
Amount Set Aside / Transfer to Reserve	38,324	4,045	19,252
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>93,748</u>	<u>59,469</u>	<u>55,424</u>
<b>(k) Refuse site / Waste Management Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	32,000	44,010	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>32,000</u>	<u>44,010</u>	<u>0</u>
<b>(L) 5 Arnott St Maintenance Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	6,422	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>6,422</u>	<u>0</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>822,032</u></u>	<u><u>618,115</u></u>	<u><u>791,602</u></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:

**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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

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

**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 recreation 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 Reserve 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 as 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.

**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 waste management in working towards zero waste.

**5 Arnott Street Maintenance**

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

No Council Reserves will be fully utilised in the 2009/2010 financial year.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**12. RESERVES - ASSET REVALUATION**

Council has no Asset Revaluation Reserves

**13. NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

For the purposes of the cash flow statement, 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 balance sheet as follows:

	2009 \$	2009 Budget \$	2008 \$
Cash and Cash Equivalents	<u>1,747,004</u>	<u>668,115</u>	<u>1,068,121</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	1,150,394	(494,311)	(204,105)
Depreciation	635,054	968,633	944,195
(Profit)/Loss on Sale of Asset	15,414	(500)	(62,936)
(Increase)/Decrease in Receivables	(260,019)	27,144	95,438
(Increase)/Decrease in Inventories	(143,888)	(10,880)	(9,298)
Increase/(Decrease) in Payables	(91,476)	(27,186)	183,485
Increase/(Decrease) in Employee Provisions	5,637	(20,100)	(17,350)
Grants/Contributions for the Development of Assets	<u>(922,266)</u>	<u>(90,000)</u>	<u>(142,812)</u>
<b>Net Cash from Operating Activities</b>	<u><u>388,850</u></u>	<u><u>352,800</u></u>	<u><u>786,617</u></u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	0		0
Bank Overdraft at Balance Date	0		0
Credit Card limit	13,000		13,000
Credit Card Balance at Balance Date	<u>9,592</u>		<u>(415)</u>
<b>Total Amount of Credit Unused</b>	<u><u>22,592</u></u>		<u><u>12,585</u></u>
<b>Loan Facilities</b>			
Loan Facilities - Current	41,643		48,512
Loan Facilities - Non-Current	<u>570,789</u>		<u>348,291</u>
<b>Total Facilities in Use at Balance Date</b>	<u><u>612,432</u></u>		<u><u>396,803</u></u>
<b>Unused Loan Facilities at Balance Date</b>	<u><u>0</u></u>		<u><u>0</u></u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**14. CONTINGENT LIABILITIES**

Council has no Contingent Liabilities as at 30th June 2009

	<b>2009</b>	<b>2008</b>
	\$	\$

**15. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

Council has no Finance Lease of Hire Purchase Commitments as at 30th June 2009

**(b) Operating Lease Commitments**

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

Payable:

- not later than one year	41,307	0
- later than one year but not later than five years	149,426	0
- later than five years	0	0
	190,733	0

**(c) Capital Expenditure Commitments**

Council has no Capital Expenditure Commitments as at 30th June 2009

**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.

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

Governance	541,095	532,576
Law, Order, Public Safety	98,683	116,655
Health	394,327	483,797
Education and Welfare	205,110	209,699
Community Amenities	142,967	95,469
Recreation and Culture	2,633,507	2,585,512
Transport	16,979,408	17,071,928
Economic Services	180,152	135,454
Other Property and Services	185,500	27,213
Unallocated	3,140,182	1,962,444
	24,500,931	23,220,747

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008	2007
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	1.60	0.63	1.08
Untied Cash to Unpaid Trade Creditors Ratio	0.49	0.12	0.00
Debt Ratio	0.05	0.05	0.04
Debt Service Ratio	0.02	0.02	0.02
Gross Debt to Revenue Ratio	0.13	0.09	0.06
Gross Debt to Economically Realisable Assets Ratio	0.07	0.05	0.04
Rate Coverage Ratio	0.26	0.29	0.25
Outstanding Rates Ratio	0.06	0.04	0.05

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	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**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-08 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-09 \$
Deposits - Town Hall	775	950	(1,025)	700
Deposits - Community Bus	450	2,250	(2,550)	150
Deposits - Rec Centre	650	6,450	(6,150)	950
Deposits - Animal Trap	50	0	(50)	0
BCITF	0	5,940	(5,940)	0
BRB	0	1,560	(1,560)	0
Nomination Deposits	0	160	(160)	0
Other Deposits	3,415	533	(2,949)	999
Unclaimed Money	1,433	0	0	1,433
Licensing Takings	8,295	1,243,641	(1,233,388)	18,548
	<u>15,068</u>	<u>1,261,484</u>	<u>(1,253,772)</u>	<u>22,780</u>

**20. DISPOSALS OF ASSETS - 2008/09 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Plant and Equipment</b>						
Governance						
2008 Ford Fairmont Sedan	24,745	28,000	32,582	26,000	7,837	(2,000)
2007 Ford Falcon Sedan	21,164	21,500	15,909	18,000	(5,255)	(3,500)
Health						
2008 Ford Fairmont Sedan	28,761	28,000	26,391	27,000	(2,370)	(1,000)
Education and Welfare						
2005 Ford Falcon Sedan	8,264	0	6,627	0	(1,637)	0
Transport						
2007 Ford Territory	25,664	27,000	21,364	26,000	(4,300)	(1,000)
2003 13T Isuzu Truck	77,398	82,000	67,709	90,000	(9,689)	8,000
	<u>185,996</u>	<u>186,500</u>	<u>170,582</u>	<u>187,000</u>	<u>(15,414)</u>	<u>500</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**21. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Particulars	Principal 1-Jul-08 \$	New Loans \$	Principal Repayments		Principal 30-Jun-09		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Health</b>								
124 Medical Centre	93,276		20,948	20,948	72,328	72,328	6,229	6,229
<b>Education and Welfare</b>								
137 5 Arnott Street	0	265,000	858	0	264,142	0	2,957	0
<b>Recreation &amp; Culture</b>								
128 Wagin Ag Society**	16,335		16,335	16,335	0	0	727	727
131 Recreation Centre	130,821		4,659	4,658	126,162	126,163	8,286	8,286
133 Wagin Bowling Club**	156,371		6,571	6,571	149,800	149,800	10,570	10,570
	396,803	265,000	49,371	48,512	612,432	348,291	28,769	25,812

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2008/09

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
132 LIA Development	0	450,000	WATC	Debenture	20	425,870	7.5	0	450,000	Nil
134 New CEO Residence	0	200,000	WATC	Debenture	15	136,526	7.5	0	200,000	Nil
135 New Waratah Units	0	200,000	WATC	Debenture	15	136,526	7.5	0	200,000	Nil
136 New White Dam	0	65,000	WATC	Debenture	5	44,371	7.5	0	65,000	Nil

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**21. INFORMATION ON BORROWINGS (Continued)**

(c) Unspent Debentures

There were no unspent Loan Debenture Funds as at 30th June 2009.

(d) Overdraft

Council did not use an overdraft facility during 2008/09 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 2009

22. RATING INFORMATION - 2008/09 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential General Rate</b>											
Gross Rental Value	11.5086	693	4,349,536	500,571	4,177	0	504,748	500,571	6,000	500	507,071
Unimproved Value	1.0099	344	86,292,000	871,472	2,016	0	873,488	871,472	2,000	0	873,472
<b>Sub-Totals</b>		1,037	90,641,536	1,372,043	6,193	0	1,378,236	1,372,043	8,000	500	1,380,543
<b>Minimum Rates</b>											
Gross Rental Value	400	188	147,877	75,200	0	0	75,200	75,200	0	0	75,200
Unimproved Value	400	26	498,408	10,400	0	0	10,400	10,400	0	0	10,400
<b>Sub-Totals</b>		214	646,285	85,600	0	0	85,600	85,600	0	0	85,600
Specified Area Rate (refer note 23)							1,463,836				1,466,143
Discounts (refer note 25)							0				0
<b>Totals</b>							1,463,836				1,466,143
							(54,559)				(54,000)
							1,409,277				1,412,143

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**23. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR**

The Shire of Wagin did not levy Specified Area Rates for the 2008/09 financial year.

**24. SERVICE CHARGES - 2008/09 FINANCIAL YEAR**

The Shire of Wagin did not levy any Service Charges for the 2008/09 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2008/09 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	5.00%	54,559	54,000
			54,559	54,000
Rate Assessment & Sundry Debtors	Write-Off		10,884	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 - 2008/09 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		9,031	9,000
Charges on Instalment Plan		5	4,518	4,000
			13,549	13,000

Ratepayers had the option of paying rates in four equal instalments, due on 24th September 2008, 24th November 2008, 23rd January 2009 and 24th March 2009. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2009</b> \$	<b>2008</b> \$
Governance	0	(128)
General Purpose Funding	37,320	43,500
Law, Order, Public Safety	6,983	9,716
Health	4,844	5,043
Education and Welfare	23,116	19,525
Community Amenities	206,523	167,267
Recreation and Culture	32,151	33,291
Economic Services	40,652	36,173
Other Property and Services	34,997	201,541
	<u>386,586</u>	<u>515,928</u>

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



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

<b>28. GRANT REVENUE</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	2,193,841	1,716,418
Non-Operating Grants, Subsidies and Contributions	922,266	142,812
	<u>3,116,107</u>	<u>1,859,230</u>
<b>By Program:</b>		
General Purpose Funding	2,012,894	947,742
Law, Order, Public Safety	42,096	46,979
Education and Welfare	307,101	271,107
Community Amenities	72,000	113,000
Recreation and Culture	3,000	3,000
Transport	679,016	435,184
Economic Services	0	42,218
	<u>3,116,107</u>	<u>1,859,230</u>

<b>29. COUNCILLORS' REMUNERATION</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	6,391	6,000	5,653
President's Allowance	5,629	5,750	5,750
Deputy President's Allowance	1,500	1,500	1,500
Travelling Expenses	2,610	2,000	1,761
Telecommunications Allowance	0	400	0
	<u>16,130</u>	<u>15,650</u>	<u>14,664</u>

**30. EMPLOYEES' REMUNERATION**

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

<b>Salary Range</b>	<b>2009</b>	<b>2008</b>
<b>\$</b>		
120,000 - 129,999	1	1

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<b>2009</b>	<b>2008</b>
<u>28</u>	<u>37</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**32. MAJOR LAND TRANSACTIONS**

**Pederick Drive Stage 2 Residential Subdivision**

(a) Details

Council in 2008/2009 financial year completed the second stage of the Pederick Drive residential subdivision and has developed 6 residential lots. This included the provision of services such as sewerage, power and transport infrastructure.

	2009 \$	2009 Budget \$	2008 \$
<b>(b) Current year transactions</b>			
<b>Operating Income</b>			
- Profit on sale	0	0	0
<b>Capital Income</b>			
- Sale Proceeds	0	0	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	(145,332)	(100,000)	(25,813)
	<u>(145,332)</u>	<u>(100,000)</u>	<u>(25,813)</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 2009.

(c) Expected Future Cash Flows

	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
<b>Cash Outflows</b>						
- 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>
<b>Cash Inflows</b>						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	270,000	0	0	0	0	270,000
	<u>270,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>270,000</u>
<b>Net Cash Flows</b>	<u>270,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>270,000</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**32. MAJOR LAND TRANSACTIONS (Continued)**

**Vernal Street Light Industrial Subdivision**

(a) Details

Council in 2008/2009 financial year began the preliminary planning & development of a new nine lot industrial subdivision.

	2009 \$	2009 Budget \$	2008 \$
(b) Current year transactions			
<b>Operating Income</b>			
- Profit on sale	0	0	0
<b>Capital Income</b>			
- Sale Proceeds	0	0	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	(11,833)	(450,000)	0
	(11,833)	(450,000)	0
	(11,833)	(450,000)	0

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 2009.

(c) Expected Future Cash Flows

	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
<b>Cash Outflows</b>						
- Development Costs	(500,000)	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	(500,000)	0	0	0	0	0
<b>Cash Inflows</b>						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	0	250,000	250,000	0	0	500,000
	0	250,000	250,000	0	0	500,000
<b>Net Cash Flows</b>	(500,000)	250,000	250,000	0	0	500,000

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2008/09 financial year.

---

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**34. 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	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Financial Assets</b>				
Cash and cash equivalents	1,747,004	1,068,121	1,747,004	1,068,121
Receivables	719,392	482,279	719,392	482,279
	<u>2,466,396</u>	<u>1,550,400</u>	<u>2,466,396</u>	<u>1,550,400</u>
<b>Financial Liabilities</b>				
Payables	331,867	423,343	331,867	423,343
Borrowings	612,432	396,803	532,738	348,758
	<u>944,299</u>	<u>820,146</u>	<u>864,605</u>	<u>772,101</u>

Fair value is determined as follows:

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**34. FINANCIAL RISK MANAGEMENT (Continued)**  
**(a) Cash and Cash Equivalents**

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

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

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

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

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

	<b>30-Jun-09</b>	<b>30-Jun-08</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	17,470	10,681
- Income Statement	17,470	10,681

**Notes:**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

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

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

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

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

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

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

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

	<b>30-Jun-09</b>	<b>30-Jun-08</b>
Percentage of Rates and Annual Charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables		
- Current	94%	84%
- Overdue	6%	16%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**34. FINANCIAL RISK MANAGEMENT (Continued)**  
**(c) Payables**  
**Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b><u>2009</u></b>					
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>
<b><u>2008</u></b>					
Payables	423,343	0	0	423,343	423,343
Borrowings	74,324	201,870	310,261	586,455	396,803
	<u>497,667</u>	<u>201,870</u>	<u>310,261</u>	<u>1,009,798</u>	<u>820,146</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2009**

**34. 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:

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>

**Year Ended 30 June 2009**

n

**Borrowings**

<b>Fixed Rate</b>								
Debentures	0	0	0	72,328	0	540,104	612,432	6.43%
Weighted Average Effective Interest Rate				7.07%		6.35%		

**Year Ended 30 June 2008**

**Borrowings**

<b>Fixed Rate</b>								
Debentures	0	16,335	0	0	93,277	287,191	396,803	6.73%
Weighted Average Effective Interest Rate		5.91%		7.07%		6.66%		



**INDEPENDENT AUDIT 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 balance sheet as at 30 June 2009 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement, 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 2009 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).

**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE SHIRE OF WAGIN (continued)**

**Statutory Compliance**

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

**Submission of Financial Report**

The accounts and financial report for the year ended 30 June 2009 were not submitted to the auditor by 30 September 2009 as required by section 6.4(3) of the Act.

**Budget Review**

A copy of the budget review was not submitted to the Department within 30 days of its adoption as required by Financial Management Regulation 33A (4).

**Monthly Statement of Financial Activity**

The Monthly Statement of Financial Activity from July 2008 to October 2008, March 2009 and April 2009 did not include an explanation of each of the material variances reflected therein as required by Financial Management Regulation 34(2)(b) and,

The Monthly Statements of Financial Activity presented to Council for December 2008, February 2009 and March 2009 did not contain the net current assets at the end of the month to which the statements related as required by Local Government (Financial Management ) Regulation 34(1)(e) .

**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.

Date: 15 December 2009  
Perth, WA

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER