

SHIRE OF WAROONA

ANNUAL REPORT

2008-2009



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OUR MISSION, VALUES & STRATEGIC OBJECTIVES

Our Mission:

The Shire of Waroona through its Strategic Plan 2005 - 2025 will continue to provide and deliver effective and efficient services to its residents through a responsive, united and democratic system of Local Government, that is a reflection of its community.

In pursuing our Mission we make the following commitments:

- Adopt strategies and undertake major projects only after careful evaluation and avoid taking decisions that result in harm or that involve poorly understood risks.
- Be conscious of the need for equity within and between generations.
- Be pro-active and innovative in our actions.
- Commit to continuous improvement.
- Engage in two-way communication with the community.
- Share information and be open in our dealings.

Our Values:

The Shire of Waroona is proud to be a member of the most open and accountable tier of government and will always strive to meet the demands of its residents while having a strong belief in the following values:

- a) Participation: We encourage community participation in planning and management of facilities.
- b) Access and Availability: Our facilities and services should be located and designed to be affordable and available to all residents and cater for people with special needs.
- c) Choice of Lifestyle: Our residents' quality of life should be maintained or enhanced by an emphasis on quality, sustainability, equity, strategic planning and leadership.
- d) Cultural Relevance: We should always consider the cultural background of our residents and the character of our community.
- e) Quality, Efficiency and Effectiveness: We must ensure that we are doing what the residents want, to a high standard at the least possible cost.
- f) People and Leadership: We recognise the skills and professionalism of our employees and the benefits of teamwork, good decision making and the leadership shown by our elected members, and value and support other leaders within the community.

Strategic Objectives:

Our strategic objectives are the underpinning organisational imperatives that will drive us forward in a way that will achieve a sustainable future – these are:

1. **Prepare for Growth** -- The Shire of Waroona is committed to planning proactively to ensure the sustainable integration of an expected imminent growth in population that will impact on the whole of the Shire.
2. **Conserve our pristine Environment** -- The Shire of Waroona is committed to strengthening its capacity to tackle the issues of sustainable development and the conservation of our sensitive environment that are increasingly interconnected and interdependent.
3. **Protect and conserve agricultural lands and rural land uses** -- The Shire of Waroona is committed to the sustainable management of the expected land use change in rural areas and is conscious of the need to achieve a balance between the pressures of development and the maintenance of existing farming practices and priority agricultural areas.
4. **Maintain a strong sense of community whilst experiencing social change** -- The Shire of Waroona is committed to acting as a catalyst and community leader during the processes of change with a strong emphasis on partnership working with government, local business and the community with the main aim and focus of maintaining a strong sense of rural community.
5. **Monitor progress and measure performance** -- The Shire of Waroona commits to developing a "Scorecard" reporting mechanism to hold government and regional organizations accountable for their role in the future development of the Shire. The Council will also continue to report to the community through its Annual Report and the Website on progress of this Strategic Plan.

COUNCILLORS

1 July 2008 to 30 June 2009

<u>NAME</u>	<u>COMMENCEMENT</u>	<u>EXPIRY OF TERM</u>
Shire President - Cr Noel Dew	1999	2009
Deputy Shire President - Cr Michael Walmsley	2002	2011
Cr Christine Germain	1992	2009
Cr Trish Witney	2005	2009
Cr John Salerian	2007	2011
Cr Laurie Snell	2007	2011
Cr Craig Wright	2007	2011
Cr Larry Scott	2007	2009



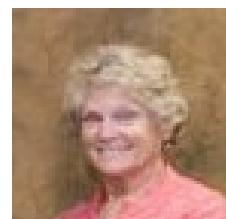
Cr Noel Dew
Shire President



Cr Mike Walmsley
Deputy Shire President



Cr Trish Winey



Cr Laurie Snell



CR JOHN



Cr Christine (Chris) Germain



CR LARRY



CR CRAIG
WRIGHT

ORDINARY/SPECIAL COUNCIL MEETING ATTENDANCE

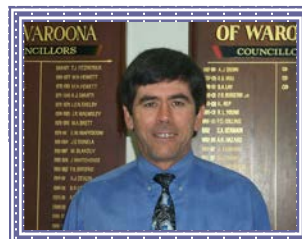
2008/2009

COUNCILLOR	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Cr Noel Dew	15	13
Cr Christine Germain	15	15
Cr Mike Walmsley	15	14
Cr Trish Witney	15	12
Cr John Salerian	15	15
Cr Laurie Snell	15	11
Cr Craig Wright	15	12
Cr Larry Scott	15	14

STAFF



Ian Curley Dip LG (C) MLGMA
Chief Executive Officer



Laurie Tilbrook
Deputy Chief Executive Officer/
Director Corporate Services

Steve Cleaver - Director Community Services
Paul Webb - Director Technical Services

NAME	POSITION	COMMENCEMENT DATE
Mr Charlie Eatts	Works Supervisor	1983
Mr Colin Neilson	Plant Operator	1984
Mr William Rafferty	Shire Mechanic	1990
Mr Dave Rose	Plant Operator	1990
Mr Laurie Tilbrook	Deputy Chief Executive Officer/Director Corporate Services	1994
Mr Mark Wake	Town Maintenance Labourer	1995
Mr Chris Smith	Senior Finance Officer	1996 (Resigned Dec 2008)
Mrs Maree Ellis	Community Development Officer	1997
Mr Chris Henwood	Plant Operator	1999 (Resigned Sept 2008)
Mr Trevor Dearle	Plant Operator	1999
Ms Bronwyn Cooke	Pool Attendant	1999
Mrs Jean Johnston	Administration Assistant	2001
Mr Craig Birch	Labourer	2001
Mr Matthew Turner	Coordinator Strategic Development	2003
Mrs Rhonda O'Mara	Executive Support Officer	2004 (Resigned Dec 2008)
Mr Ian Curley	Chief Executive Officer	2004
Mrs Annette Mason	Administration Officer	2005
Mr Joe Dineley	Finance Officer	2005
Mr Steve Cleaver	Director Community Services	2005
Mr Trevor Pitcher	Environmental Health/Building Officer	2006
Mr Ross Davidson	Manager Planning & Development Services	2006 (Retired Sept 2008)
Mr Mark Corner	Parks & Gardens Co-ordinator	2007
Miss Vanessa Chrisp	Recreation Services Manager	2007 (Resigned Dec 2008)
Miss Kathy Simpson	Administration Officer	2007
Miss Rikki Bellairs	Community Services Officer	2007
Mr Rhys Bloxsidge	Town Planner	2007 (Resigned April 2009)
Mr Paul Webb	Director Technical Services	2008
Mr Jodie Newton	Ranger	2008
Mr Rod Milne	Manager Planning Services	2008
Mr Ron Thomas	Centre Manager – Recreation/Aquatic Centre	2008
Mr Damien Williams	Labourer	2008
Mrs Nadine Aiberti	Executive Support Officer	2009
Ms Tamara Olsson	Manager Financial Services	2009
Mrs Felicitas Dhlwayo	Town Planner	2009
Mr Edward Kewley	Labourer	2009

EMPLOYEES - PERMANENT PART-TIME

Mrs Kirsty Ferraro	Rates Officer	1996
Ms Lorraine McIntosh	Licensing Officer	1997
Mrs Kaye Eatts	Library Officer	1999
Mrs Pauline Bonner	Library Officer	1999
Mrs Tracy Goldsworthy	Manager Waroona Tourist & Info Centre	1999
Mrs Kerry Shore	Licensing Officer	2000
Mr Gino Chiera	Gardener	2001
Miss Nikki Colgan	Administration Officer	2002
Mrs Sarah Robertson	Manager Waroona Tourist & Info Centre	2002
Ms Ronnell Capp	Library Officer	2008
Mrs Sue Cicolari	Administration Officer/Relief	2008
Mr Ross Davidson	Town Planner	2008



PRESIDENT'S REPORT 2008 - 2009



It is with much pleasure that I present this Annual President's Report for 2008 – 2009. There should be no doubt that the past year has been a very turbulent time for a whole raft of reasons and I firmly believe that despite this, we have been

able to demonstrate strong governance that has enabled us to ride out this stormy period. It would be fair to say that not many would have foreseen the disastrous economic downturn that caused so much chaos world-wide with its insidious effects also impacting on the Shire of Waroona. For example, we witnessed the collapse of the Abattoir and the premature closure of Iluka's mining operation, however, despite some tense moments it would be fair to say that Waroona generally escaped what could easily been a far worse outcome. As the result of Federal and State funding we have been able to undertake a range of projects that will be of great benefit to our community and it is important to acknowledge that this Shire is a major employer which in turn assists our local economy. Having said that, of course, highlights the other major issue confronting us at the present time, that being the State Government's push for Council Amalgamation. Whilst we have until the end of October to submit our response we as a Council are strongly opposed to any form of forced Amalgamation and feel that there are far better options available.

As I stated last year climate change and its effects will continue to pose questions and challenges that we as a Council will be required to consider and address. This in turn will require us to take not an alarmist approach but one that is rational and will be based on information sourced from those suitably qualified to provide that information. This must come from either Federal or State agencies empowered to provide the relevant advice.

Our Shire continues to experience growth and this is expected to continue into the foreseeable future bringing with it an ever increasing demand for the relevant services required. During the year we have dealt with many development and subdivision applications in and around Waroona. The Footprints Resort at Preston Beach was officially opened this year and is now attracting many visitors to the area and it is also expected that with the opening of the new Perth to Bunbury Highway not too far away we can expect to

see a further increase in the number of tourists coming into our Shire.

Growth in a Shire always brings significant challenges especially in regards to finances. We are required to balance any growth with the needs and expectations of the community and at the same time take into account the ever increasing operating costs that we are forced to contend with on a regular basis. However, it is pleasing to note that with Councillors now well aware of the need for financial constraint in turn being well advised and supported by our financial staff led by our Deputy C.E.O. Laurie Tilbrook we are able to maintain strong financial management and provide effective financial controls.

Councillors and Staff

I would like to take this opportunity to thank Councillors for their efforts during this year. As always there are many contentious issues that need resolving and it is vital that we are able to work as a team in order to achieve the best possible outcome for our ratepayers. Let there be no doubt the area of local government does present an ongoing challenging environment and I make no apologies for constantly reminding Councillors of the need for courage in the decision making process, which in turn should be supported by the ability to maintain an open and honest mind.

Once again we have had strong and valuable support from our highly dedicated staff and it is imperative that we acknowledge and recognize the importance of the role our staff have in ensuring we achieve our aim of excellence in governance.

Strong leadership is vital in any organization and I would like to congratulate our C.E.O. Ian Curley for his role in ensuring that objective has been met.

To the families of Councillors and Staff a very special thank you for your support, something we never take for granted.

Wagerup Sustainability Fund

In early July 2008 the Wagerup Sustainability Fund was launched at a special function held at the Lone Barn Restaurant by the then Premier of Western Australia Alan Carpenter, and Alan Cransberg, Managing Director, Alcoa Australia. Following this launch a local advisory group representing the community from the

Shire of Waroona was formed. Representing the local community is Carolyn Kirkham, Ken Landwehr and Tim Williams with Ian Curley and myself representing the Shire. Alcoa Wagerup Refinery will provide an annual payment to the Fund which will be held in trust by the Western Australian Community Foundation. The Wagerup Sustainability Fund will support initiatives to make a positive contribution to the economic, social and environment sustainability of the region surrounding the Wagerup refinery.

The Waroona Advisory Committee will advise on the allocation of funds available in its donation account to fund projects which benefit the area surrounding the Wagerup Refinery in the Shire of Waroona. A grant of \$5,000 was made to support Waroona Youth services in early 2009.

Community

As Shire President it is always an honour and privilege to have the opportunity of saying thank you and well done to our big army of volunteers who give up so much of their time for the benefit of others. As a Shire we greatly appreciate the outstanding contributions that our volunteers make to this community and in some small way we try to acknowledge their efforts with our volunteer thank you functions but sadly I think there are many who somehow manage to slip under the radar. I would also like to say thank you to that wonderful group of carers who quietly go about making life a little better for those in need.

Australia Day

Monday 26th January 2009 saw a large crowd attend the Australia Day celebrations in Waroona held at Drakesbrook Place. The day commenced with the usual scrumptious Lions Club breakfast complemented by excellent entertainment followed by Lone Piper Bill Barnett. Jessica Walmsley led the singing of Advance Australia Fair with the flag-raising by the Waroona Guides and Scouts. Again I had the honour giving the Australia Day Address which was followed by an inspiring Young Australian Address presented by Danika Pisconeri which I am sure would have served to reinforce everyone's faith in our future generation.

Award presentations followed with the Shire of Waroona Meritorious Community Service Awards being presented to Nola Turner, Robyn Sutton, Neil Birch and Jim and Yvonne Hill-Warner. The Premier's Australia Day Active Citizenship Award was presented to a very proud Ken Landwehr, whilst the Premier's Australia Day Active Citizenship Award for a Community Group or Event was received on behalf of Event Assist Inc. by

Terry Cockerham. The Preston Beach Progress Association, represented by John Watson, and the Lake Clifton/Heron Progress and Sporting Association, represented by Graeme Wyatt, both received Certificates of Appreciation in recognition of their ongoing excellent contribution to their local communities. Again I congratulate all the award recipients for their wonderful and amazing contributions that help to make our Shire a great place in which to live.

Blessing of the Roads

Once again the Waroona Roadwise Committee hosted the annual Blessing of the Road Ceremony which was held at the Memorial Hall. This simple but important ceremony is held each year just prior to Easter in remembrance of the families and friends of those who have lost their lives in road crashes. It also recognizes the efforts of those involved in providing assistance, Police, Ambulance, Fire Brigade and S.E.S. personnel and others who work in reducing road trauma. It was pleasing to see a large number of residents including many school children attend this function.

Preston Beach and Lake Clifton

I would like to congratulate both the Lake Clifton and Preston Beach Progress Associations for their fine efforts in representing the interests of their respective communities. I believe it is essential that both these communities have a strong voice in order to have their concerns or aspirations presented appropriately. It is equally important for the Shire to have access to a proper and workable community consultation process.

Special Events

Once again we have been treated to a remarkable array of exciting events in our Shire. Australia Day, Anzac Day, the Waroona Agriculture Show, British Auto Classic, All Australia Car Day, Waroona's Got Talent, the Daffodil Ball, Sea to Art Exhibition, Lake Clifton Art 6215 exhibition and the Preston Beach Progress Association's Octoberfest, which includes the Proclamation Day golf event.

**NOEL DEW
SHIRE PRESIDENT**

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

This financial year has, again been a challenging year for our team, with the economy coming off an all-time high; for a time, it was unknown how this would affect local government.

The announcement from the Minister for Local Government, Hon John Castrilli, indicating amalgamation of Councils gave us clear direction as to where a significant amount of the Council's time would be directed in the last half of the year. After the announcement the Council commenced actively negotiating with the other Council's of the Peel

Region - City of Mandurah and Shires of Boddington, Serpentine Jarrahdale and Murray, to formalise a resource sharing model that would enable each Council to retain its local representation and decision making ability, whilst taking advantage of potential economies of scale and cost savings. Negotiations are

continuing and it is anticipated a strategy will be developed in early 2010. Throughout the process the Council has maintained a position that it does not intend to amalgamate with any neighbouring Council.

It was expected for the year to be somewhat quieter than previous years, given the high level of urban growth expected during the boom had not eventuated, however, the announcement of the of the Royalties for Regions State Government grant of \$841,000 and RLCIP Federal Government grant of \$100,000 into the community to be expended on infrastructure renewal and expansion have kept staff very busy. Twenty (20) new projects not included in the current budget were approved out of the new funds.

Council's intention with some of the grant funds was to spread it around to a number of small projects, including projects approved in the outlying areas of Preston Beach and Lake Clifton, rather than 1 or 2 large ones, thus ensuring there was widespread community benefit from the new funding.



Additional funding throughout the year

Some of the projects commenced during the year that will be of benefit to the community include –

- Installing extractor fans at the Rec Centre
- Installing automatic doors in the Rec Centre and Library
- Reticulating of the top cricket oval
- Replacing the ceiling and repainting in the Senior Citizen Centre
- An allocation of \$60,000 towards extending the Preston Beach community hall
- Work on the playground area in Stables Road Preston Beach
- An allocation of \$15,000 towards sealing the entrance and carpark at the Lake Clifton community hall
- Shade sails in the courtyard of the Waroona Health & Community Centre

Our Staff

During the year the Director of Strategic Development, Matthew Turner, advised he would be leaving his position at the end of 2008, However, he accepted a part-time position as Co-ordinator of Strategic Development. A decision was made not to replace the Director position until a total review of the corporate structure was undertaken.

We are very fortunate to have retained key qualified and experienced Staff; a great many who live within the shire. This is an excellent position to be in to be able to maintain current services and prepare for any future occurring growth. A stable workforce allows us to continue to develop local knowledge and direct our efforts towards delivering the projects set by the Council.

Due to the slowed economy and growth the staff numbers remain static and there are no immediate plans for any increase in staff numbers.

Financial Management and Control

Council's finances remain well protected with the 2008/2009 audit being successfully conducted by Auditors AMD Chartered Accountants, in accordance with the Local Government Act and Accounting regulations.

A prudent budget was adopted by Council in August 2008 and all major works were completed or are well on their way to final completion.

Reserve fund accounts have continued to increase allowing Council to be in a position to deliver future projects. Total cash-backed Reserve Account funds at 1 July 2004 were \$380,000 and have increased to \$2,236,826 as at 30 June 2009, while outstanding Loan principal continues to reduce from \$780,000 as at 1 July 2004 to \$479,795 as at 30 June 2009, which includes self-supporting loans. The Council did not take out any loans for its own purposes during the year.

Some of the projects to come in 2009/2010

- Purchase of a graffiti trailer to remove graffiti as soon as it appears
- Completion of the Hamel wetlands trail
- Constructing a sealed carpark between the Football and Bowling clubhouses
- Installing a fire fighting water tank in Southern Estuary Rd Lake Clifton
- Upgrading the power at the Lake Clifton Community Centre
- Extend the park area and install speed humps at the Preston Beach carpark to prevent hooning
- A \$2.4m road construction program to be spent across the shire
- Construction to commence on extensions to the Shire Administration Centre
- Review of the Council's Local Laws

Conclusion

I congratulate and thank the Councillors and Staff and on their continued commitment to the delivery of quality services to the community. Together we will continue working towards delivering our key projects.

The challenges for local government continue as we all strive to balance ever increasing expectations against

the difficulty in attracting funds. We continue to seek out Government and other grants to assist reduce the costs burden to ratepayers.

Preston Beach, Lake Clifton, Hamel, Waroona and the rural areas of the Shire are the priority of the Council and we will continue to focus our efforts in delivering quality and affordable services throughout our communities.

IAN CURLEY
CHIEF EXECUTIVE OFFICER



The Local Government Act 1995 requires the annual report to contain details of entries made under section 5.121 of the Act during the financial year.

Section 5.121 requires the Council to maintain a register recording complaints and action taken in relation to complaints made to the local government standards panel about council members breaches of the rules of conduct or contravention of a local law under the Act.

I am pleased to advise that during the 2008/2009 year no complaints have been entered into the register.

CORPORATE SERVICES

INTRODUCTION

Corporate Services is responsible for ensuring that the Council's Finance and Administration services are managed in accordance with the Local Government Act 1995 and various other Statutes.



Front - Laurie Tilbrook; Joe Dineley; Annette Mason; Back - Kirsty Ferraro; Tamara Olsson; Kathy Simpson; Rikki Bellairs

Administration staff ensure that a high level of budgetary control and financial accountability is maintained within the organisation as well as providing Council with forward financial planning and the appropriate level of financial information on which to base good decision making. Corporate Services also manages Council's Licensing Agency, Insurance portfolio, Local Government Elections, Agendas and Minutes, Library Services, Tourism and general administration.

During the year the Council's Finance Officer Mr Chris Smith retired after 12 years service. As a result of an operational review the position of Manager Financial Services was created. Tamara Olsson from the Shire of Shark Bay was successful in obtaining this position. In the short time Tamara has been with us she has made a valuable contribution to the finance function.

2008/09 Rating

A general rate revenue increase of 8.5% applied for the 2008/09 financial year with rate revenue totalling \$2,302,542. Minimum rates for GRV properties were increased from \$540 to \$580 and the UV minimum from \$580 to \$600.

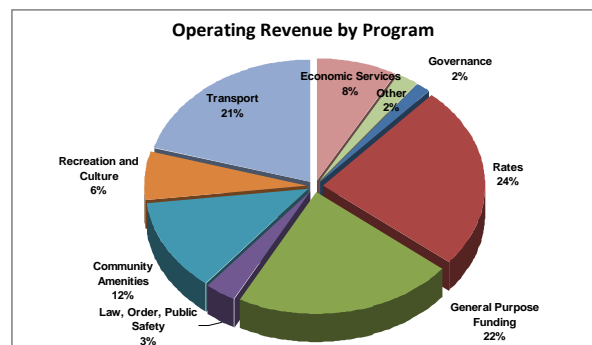
A substantial increase in unimproved valuations (average 44%) followed on top of an average 34% increase the previous year.

Financial Performance

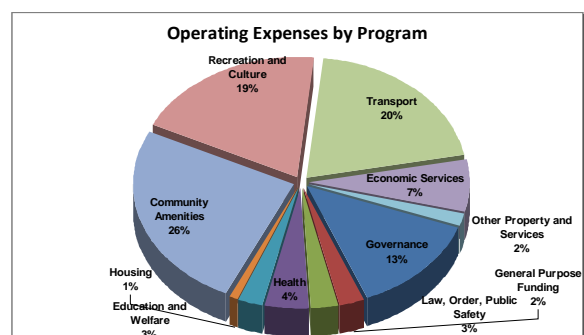
The Council's audit for 2008/09 has again been reported by the Council's auditors as being highly successful with the Council conveying its appreciation to all finance staff. Debt levels have been kept to a minimum and the growth of the Shire has been reflected with an increase in the rating database as a result of several subdivisions.

The following graphs provide an overview of the Council's financial transactions for 2008/09.

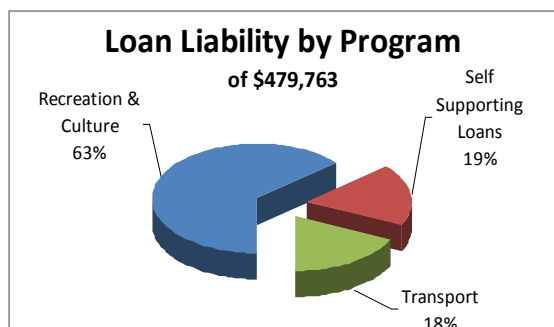
Revenue by Program



Expenses by Program



Loan Liability



A full copy of the Annual Financial Statements and Auditors report is located at the green and blue pages of this Annual report

Plan for Future of the District

The Council has continued the development of its financial planning process with the adoption of a four year financial plan incorporating proposed significant activities for the period.

This document contains details and estimates of the Council's operating and capital projections over an extended period. Such a planning tool is vital to ensure the long term sustainability of the Council given the pressures of growth, levels of government funding, and the requirement to build Reserve accounts to part fund future significant projects.

Significant projects have been identified as:

- Recreation & Aquatic Centre Management
- Road Management
- Asset Management

Members of the public are welcome to obtain a copy of the plan.

Library

Library staff will be welcoming Lissy Oliver in July to join our team and will be replacing Ronnell Capp. Lissy will be working two hours per day as a Library Assistant. This gives the Library Officers more time to follow up on enquiries as well as organise events and extra programs for the library.

A stock-taking exercise was carried out in March at the request of the State Library of WA. This took a few days to complete and the ensuing paperwork revealed

a small number of books/items missing from the shelves.

Automatic doors were installed at the library in June 2009 along with a door chime which alerts staff to customers entering the premises. It has been a welcome addition for our members who have mobility problems and for young parents with babies in strollers and prams

The library membership base continues to grow with around 8-10 new members joining each month. There have been a total of 8,100 visits this financial year with 15,200 items being borrowed from the library.

Book club is still being held every 4-6 weeks with a core group of 8-10 members.

The inter-library loans system is being upgraded on a regular basis and has improved over the last year. This means that members and other libraries receive their requested items much quicker than in previous years. Members have borrowed 380 items from other libraries and we have loaned 368 items to the members of other libraries.

We have continued clearing shelves of old and damaged items and many of them have been put on a 'for sale' table at the price of 50 cents each. This has been popular with members and has given us extra funds to purchase new items for the library.

Waroona Visitor Centre

The Waroona Visitor Centre operates under direct control of the Council. As well as providing a single point of information for locals and visitors, the centre participates in State Tourism as a part of the "Experience Perth" Tourist region.

Staff have been involved in major local events such as the All Australian Car Day and British Auto Classic together with the development of local marketing material and promotions. This includes the redesign of the Information Bay signage which will shortly be in place.

Volunteers are an invaluable resource to the centre which could not provide a weekend service without such assistance. All volunteers were recognised in January with a celebration at Lake Navarino Resort. This function also celebrated the retirement of staff member Sarah Robertson after 7 years service.



Visitor Centre Manager Tracy Goldworthy is involved in preparations for the second “Sea to Art” which enables local artists to display artworks within the Centre. The inaugural event was an outstanding success and congratulations are extended to Tracy and other staff involved in this promotion.



Sea to Art Exhibition

National Competition Policy

National Competition Policy is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic reserves.

There are a number of specific requirements placed on Local Government in the areas of competition, neutrality, legislation review and structural reform.

The Clause 7 Statement of the application of National Competition Policy requires certain information to be provided in the Annual Report.

Competitive Neutrality

The Shire has not acquired any new entities in the 2008/09 financial year that have required competitive neutrality testing.

Legislative Review

The Council is required to assess each of its local laws to ensure there are no negative impacts on competition and to determine how any restrictive practices might be overcome.

There were no local laws or local law amendments during 2008/09. The next full review of all local laws will be conducted in 2009/10.

The following local laws are valid:

- Dogs
- Bush Fire Brigades
- Cemeteries
- Health
- Thoroughfares/Trading in Public Places
- Standing Orders
- Local Government Property
- Extractive Industries
- Fencing and Floodlighting

State Records Act

The Council Record Keeping Plan submitted in accordance with the above Act was approved in November 2004 for a period of 5 years.

The following information with respect to the plan is noted:

- The Council has adopted its own internal procedural policy with respect to the plan;
- Efficiency and Effectiveness of the plan is monitored on an ongoing basis by the use of report tracking methods incorporating management software;
- Staff training is conducted on an ongoing basis by providing information services at staff meetings and one on one meetings with all new staff;
- Software training in the Council's recording tracking system is also carried out as required; and
- Off site storage procedures are being introduced on an ongoing basis with an internal progress review to be conducted in late 2009.

Freedom of Information

The Council's Freedom of Information Policy and Guidelines are reviewed annually along with all other council policies.

No modifications were made to the Statement during 2008/09.

**LAURIE TILBROOK
DEPUTY CHIEF EXECUTIVE OFFICER/
DIRECTOR OF CORPORATE SERVICES**

STRATEGIC DEVELOPMENT

Introduction

Strategic Development Services is responsible for guiding the development of the built and human capital of the community and for the regulation of development and subdivision within the Shire. It encompasses the town planning and community development sections of the Shire.



Front – Rhys Bloxsidge, Felicitas Dhlwayo; Nikki Colgan; Back – Ross Davidson, Matthew Turner, Rod Milne

Staff Changes

Rod Milne was appointed to the position of Manager of Planning Services on 22 October 2008, replacing Ross Davidson.

Felly Dhlwayo commenced as Town Planner on 23 March 2009 replacing Rhys Bloxsidge who resigned in May 2009.

Ross Davidson returned to the Shire in November as a Senior Planner permanent part time working three days a week on complex town planning matters, scheme amendments and a review of the Town Planning Scheme No. 7.

Nikki Colgan commenced working two days a week in the Planning Services section as a planning assistant.

In 2009, Matt Turner commenced a new part time position coordinating community development and planning matters.

Appeals

The major appeal dealt with during the year was an appeal dealing with a kennel proposal at Roberts Road, Hamel refused by Council late in 2008.

The appeal has been conducted over the major portion of 2009, with McLeods and Andrew Pawluk acting on Council's behalf. The State Administration Tribunal has advised its final determination will be made on late 2009.

Strategic Planning

Ross Davidson continues to work on the review of Town Planning Scheme No.7. During 2009, DPI approved the Waroona Local Planning Strategy, while continuing progress was made during the year on the Preston Beach Townsite Strategy and the Waroona North Structure Plan.

Recently the Western Australian Planning Commission advised that a review of the Model Scheme Text and the 1967 Town Planning Regulations was being conducted. Both these reviews have significant implications for the proposed Shire of Waroona Town Planning Scheme and some indication from the Commission as to their views on the shape of these documents are being sought.

Waroona Town Centre Strategy

Works to complete the recommendations of the Waroona Town Centre Strategy continued in 2008-09. Drainage, re-surfacing, paving and landscaping works on majority of the South Western Highway in the Town Centre were completed. Next financial year the remainder of the Main Street works and the upgrading of the Fouracre Street precinct will be completed. The Town Centre upgrade is due to be completed by June 2010.

Preston Beach Townsite Strategy

The process to enable the preparation of a broad structure plan for Preston Beach has continued in 2008/2009. The Western Australian Planning Commission issued a statement in October 2008 supporting the current Townsite Strategy planning process but listing factors affecting the optimal future population of the settlement. The WAPC has acknowledged the potential for 1600 dwellings in the Preston Beach townsite, consistent with the Coastal and Lakelands Planning Strategy. The WAPC has also recognised that the optimal size of the townsite may vary above or below this figure depending on a number of considerations.

Work on a range of studies to inform the draft structure plan has continued. The draft Strategy is now not expected before mid 2010. The Strategy Steering Committee, which comprises representatives from the Shire, community, State Government and the developers continues to oversee the process on behalf of the Council.

Planning Policies and Heritage

Several new planning policies have been developed this year and include.

Policy No. 23 Landscaping

Policy No. 24 Remnant Vegetation

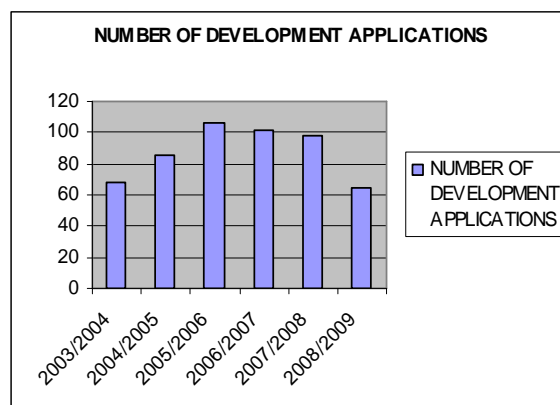
The review of the Municipal Inventory of heritage items was commenced and Council has created a Heritage Committee during 2008 to deal with issues of heritage significance. The first meeting was held on 29 June 2009 and meetings will be held monthly thereafter.

Significant Improvements

During the year, significant improvements were made in the development control unit (DCU) process to make it more efficient and better link the departments. The Development Control Unit process is a weekly meeting of Engineering, Building, Health and Planning officers who liaise regarding new and ongoing town planning applications and matters. It recognises the need to maintain strong coordination between departments within Council.

The Planning Services section now has a prelodgement meeting process and encourages applicants to avail themselves of this.

Subdivision and Development Applications



It is evident from the above graph that since the world economic crisis occurred in the latter part of 2008 and into 2009 there has been a decline in the number of applications for development and it was noted that there was a corresponding dip in subdivision applications. It is expected that with returning confidence there will be an increase in both subdivision and development applications, and this will be a temporary hiatus only. During the year, a number of complex development proposals were dealt with, including the proposed park home development at Lake Clifton and the temporary McConnell Dowell work camp at the Drakesbrook Hotel.



Scheme Amendments

During 2008-2009 a number of Amendments to the Town Planning Scheme were initiated, advertised, processed and gazetted. The following table includes details of those Amendments:

Scheme Amendment Initiated			
Amendment Number	Particulars of affected property	Summary of Proposal	Associated Date
28	Lot 195 Weir Road, Waroona WA 6215	Rezone from Rural 4 – Hills Face to Rural 6 – Rural Residential	Public Advertising closed 22 September 2009
22	Various Broad Area re-coding	Reclassifying Residential Density Codings within the Waroona Townsite	Public Advertising closed 18 August 2009
4	Lot 3 Pt Loc 2942, Southern Estuary Road, Lake Clifton	Rezoning from General Farming to Rural-Residential	Initiated
17	Lot 1 Southern Estuary Road, Lake Clifton	Rezone from Rural 1 – General Farming to Rural 6 – Rural Residential	Initiated

Scheme Amendments with Minister			
Amendment Number	Particulars of affected property	Summary of Proposal	Associated Date
12	N/A	Omnibus Amendment to address textual issues	29 January 2009
26	Rural Residential Precinct 9 – Text Amendment	Modify provision (i) in Rural Residential Precinct 9, Schedule II from 'subdivision shall generally be in accordance with the subdivision guide plan adopted by Council. The minimum lot size shall be not less than 4ha'	31 August 2009
25	Lot 1 Weller Road, Waroona WA 6215	Rezoning from 'Rural 4 - Hills Face' to Rural 6 - Rural Residential'	21 July 2009
18	Lot 501 Southern Estuary Road, Lake Clifton WA 6215	Rezone from Rural 1 – General Farming to Rural 6 – Rural Residential	04 August 2009
23	Lots 84 & 85 Riley Road, Hamel WA 6215	Rezoning of Lots 84 and 85 Riley Road, Hamel from 'Rural 2 - Irrigated Agriculture' to	

		'Rural Small Holdings'	
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Scheme Amendments Gazetted			
Amendment Number	Particulars of affected property	Summary of Proposal	Associated Date
24	Lot 40 Elliott Street, Waroona WA 6215	Rezoning to Urban Development	Gazetted 5 Dec 2008
20	Lot 25 (No. 11) Holmes Road, Lake Clifton WA 6215	Additional Use – Public Amusement (Frog Farm)	Gazetted 15 July 2008
16	Part Location 254 & Lot 386 Hill Street, Waroona WA 6215	Introduce provisions relating to Development Zones and to Rezone subject properties from Urban 4 - Residential & Urban 5 - Special Residential to Development Zone	Gazetted 22 July 2008
21	Location 2942 Old Bunbury Road, Lake Clifton	Rezone from Rural 1 – General Farming to Rural 6 – Rural Residential	Gazetted 7 April 2009

Further Amendments are anticipated in the coming year.

ROD MILNE
MANAGER PLANNING SERVICES



COMMUNITY DEVELOPMENT

Shire of Waroona Small Grants

The Small Grants Program incorporates the Arts, Cultural & Community Services & Youth Development and was well subscribed to in 2008. Under this program, organisations from within the Shire of Waroona can apply for funds of up to \$800 towards projects.

Successful recipients in 2008 were:

Waroona Community Centre/Family Support:	\$600
Preston Beach TAP:	\$720
Waroona Playgroup:	\$720
St Josephs P&F:	\$720
Lions Club of Waroona:	\$720
Waroona Agricultural Society	\$720
Waroona Amateur Swimming Club	\$500
Waroona Bowling Club	\$300

Summer Events

Iluka has once again supported this program with sponsorship of \$5,000 and a matching contribution was made to the funds from the Shire. A highlight of the program in 2008 was the facilitation of two art exhibitions. The Sea to ART exhibition was held at the Waroona Visitor Centre hosting 26 artists and 95 pieces of work. ART 6215 organised by the Lake Clifton-Herron Progress and Sporting Association and held at the Lake Clifton Community Hall attracted more than 300 visitors throughout the day. Both events showcased the wealth of talent to be found within the Shire of Waroona.

Other events included:

Waroona's Got Talent 2, Movies under the Stars, Youth Action Day, Carols by Candlelight, the Streetlight tour and Australia Day activities.

The Youth Leadership program which included a camp, workshops and an event concluded with members of the Waroona Youth Advisory Council completing a Certificate II in Leadership and Business. Waroona Youth Advisory Council Members put in many hours of hard work to achieve this certificate which culminated with the running of the second Waroona's Got Talent event. An awards night was organised to give recognition to YAC members for their achievement and all the hard work that they have put into the running of community events and their contribution to the Waroona community. This project was supported by the Office of Children and Youth, the Office of Crime

Prevention, Shire of Waroona, the Waroona Community Centre/Youth Support Service School Chaplain and Streetnet.

Waroona's Got Talent 2, organised by the Waroona Youth Advisory Council was an outstanding success and gave the young organisers the opportunity to work in all areas of event management including running the sound and lighting equipment, public speaking, speech writing, judging and all other aspects of the event. Members of the Waroona Theatre Group mentored the young people and supported the event with a financial contribution.

The Movie under the Stars Event continues to be attended by a large and enthusiastic crowd and will be held again in 2010.

The Waroona Youth Advisory Council hosted Youth Week Activities and provided a range of activities for local young people including an African drumming workshop, skate boarding and BMX action day. The Events were supported with funds from the Department For Communities Office for Youth and Iluka.

Australia Day and Meritorious Community Service Awards

The Shire of Waroona Meritorious Community Service Awards and the Premiers Australia Day Active Citizenship Awards were presented at the Australia Day celebrations held at the Waroona Memorial Hall and Drakesbrook Place on January 26. Those honoured have put in many years of community service in a variety of different areas of the Shire and were well deserving of their awards.



Left to Right – Graeme Wyatt, Ken Landwehr, Cr Noel Dew, Neil Birch, Nola Turner, Robyn Sutton, Yvonne Hill-Warner, Jim Hill-Warner, Terry Cockeram.

Meritorious Community Service Awards:

Robyn Sutton
Neil Birch
Yvonne and Jim Hill Warner
Nola Turner

The Premiers Australia Day Active Citizenship Award:

Ken Landwehr

Premiers Australia Day Active Citizenship Awards for a Community Group or Event

Event Assist

Certificate of Appreciation

Lake Clifton Herron Progress and Sporting Association
Preston Beach Progress

Emergency Services Thankyou

The Emergency Services Thankyou was hosted by the Shire of Waroona in recognition and appreciation for the essential contribution and service that the emergency services members provide to the Waroona community.



Emergency Service Volunteers

Volunteer Thankyou

The Volunteer Thankyou Breakfast at Centennial Park was well attended by local community volunteers. The volunteers were thanked for their contribution throughout the year to the respective communities of Waroona, Preston Beach, Lake Clifton and Hamel and their individual groups/organisations. The Waroona Lions Club once again assisted with the preparation and cooking of the delicious breakfast. The event was supported by the Shire of Waroona and the Office for Seniors Interests and Volunteering.

Hamel Eco-Historic Precinct

Funding applications to the value of \$79,770 have been successful for the construction of a wetland trail, viewing platform/shelter, seating, interpretive signage, spring flora survey and weed management in Hamel. These works stem from the Hamel Eco-Historic Precinct Concept Plan, Conservation Plan and Interpretation Plan. The total project budget including in kind support from Department of Environment and Conservation, Greening Australia (Green Corps team) and financial and administrative support from the Shire of Waroona is in excess of \$90,000. The wetland area is home to over 30 species of birdlife, many frogs and has received a Land for Wildlife conservation rating. Funding for the project has come from Alcoa, Lotterywest, Department of Local Government and Regional Development, Department of Sport and Recreation. The Wetland Trail and Interpretation Project should be complete by late 2009.



Community Safety and Crime Prevention

A Graffiti Hotspot Fund application was successful with \$20,000 received from the Office of Crime Prevention Graffiti Taskforce for funds to assist with the prevention and tackling of Graffiti. The funds will be used to purchase an anti graffiti trailer, additional lighting for the Cricket Club, a CCTV camera for the Recreation Centre and to develop a community education program. A further \$1200 for administration of the Community Safety and Crime Prevention Program was received by the Shire of Waroona in 2009.

Country Pathways:

An application was successful with the Department of Transport for \$42,000 to upgrade the footpath on Jackson Street.

MAREE ELLIS
COMMUNITY DEVELOPMENT OFFICER



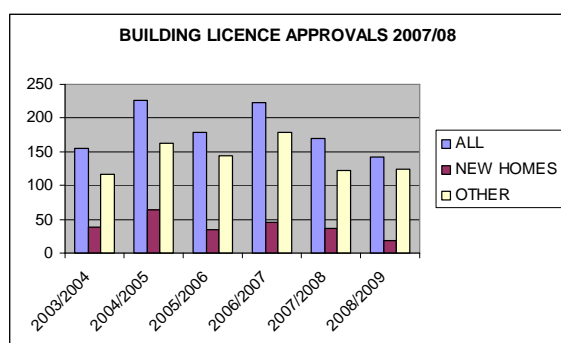
COMMUNITY SERVICES

Introduction

The Community Services directorate is responsible for Health, Building, Waste, Ranger Services and Recreation. The Community Services team continues to provide a high level of service and amenity in the management and operation of the Shire's built assets.

Building

Building licence approvals were lower than the previous financial year due to changes in the economy. It is expected that in the medium term there will be increased building activity associated with various subdivisions that have now been approved in the Shire. During the year the State Government introduced legislation to require future Building Surveyors to have degree qualifications. It is expected that the approval system will be the focus of significant change over the next few years as Western Australia comes into line with the Eastern States and legislates for private certifiers.



Capital upgrades to Shire buildings continue with the internal refurbishment of the Senior Citizens building. The dwelling provided to attract and retain a Doctor was also refurbished with a new roof, carpets and painting. Painting was also carried out on the Hamel Hall, Library and Playgroup. These projects received funding from the Royalties for Regions program.

The Shire continues to progress its Disability Access and Inclusion Plan with new disabled toilet facilities being constructed at the Hamel Hall. The previous facilities were demolished with the Hall being restored to heritage condition. Automatic doors were installed at the Waroona Library and the Recreation and Aquatic Centre making these buildings now accessible and compliant with the Building Codes.

The Main Street upgrade has provided tactile paving and flush ramps to footpaths, new subdivisions in Logue Street and Elliott Street have also had disability

compliant footpaths constructed which will be of great benefit to all residents.

Health And Environment

The Environmental Health Officers continue to provide a high level of service to the community with routine inspections of Food Shops, Lodging Houses, Hair Dressers, Public Buildings and Swimming Pools. Further to this, Officers attend to nuisance complaints within the community.

The Shire of Waroona participates in the Peel Mosquito Management Group with the Shires of Murray, Mandurah and Rockingham and the Health Department of Western Australia. In 2008/2009 the Peel reported 161 cases of Ross River Virus. A number of these cases were from the Lake Clifton area and would result in ill health of these residents. The program relies heavily on helicopter application of larvicides to control the mosquito population that carries the Ross river virus.

In 2008 South West Meat processors re-opened the Abattoir requiring the Shire to employ a Meat Inspector. Unfortunately the Abattoir ceased trading in 2009 and Council's Meat Inspector ceased employment. The Shire takes comfort that it was able to resource mandatory inspection requirements at the abattoir to enable this business to operate.

In 2009 following automation of the reticulation on the lower cricket oval Council resolved to automate the top Cricket oval. The automation was identified by the Shire as being necessary to comply with recently introduced daytime water bans, reduce water consumption and reduction in labour that was required to move the travelling irrigators. Sporting clubs have reported a much improved playing surface with this project being funded by Royalties for Regions.

Community Services also coordinated the tender process for installation of a seven rink bowling green at the Waroona Bowling Club. This project will undoubtedly be of great benefit to the residents of Waroona and save valuable amounts of water.

The Buller Road Landfill Site received significant amounts of waste due to various projects happening in the Shire and the region. The Shire undertook significant earthworks to increase the space available for disposal. The Shire has resolved to join the Rivers Regional Council to investigate increasing its recycling rates.



Ranger Services

The Shires Ranger is responsible for Shire related matters for Dogs, Fire, Litter, Off Road vehicles, stock and wildlife within the Shire boundary. The Shire Ranger is assisted by the Preston Beach Volunteer Rangers who support in the enforcement of the Shires Local Laws.

In 2008 the Shire undertook inspection of all properties to ensure firebreaks were installed in accordance with the Bushfires Act. A number of properties received infringements with one property the subject of legal action.

Waroona Recreation & Aquatic Centre

The Waroona Recreation and Aquatic Centre had a successful year, with significant maintenance and improvements to the centre's infrastructure throughout the season.

- The pool liner was replaced for a total of \$65,000.
- New exhaust fans were installed on court one at a cost of \$13,000.
- A variety of gym equipment was repaired and replaced.
- All the doors in the centre were repaired.
- The Chemigem in the plant room was repaired.
- Repairs to the second boiler.
- Storerooms have been constructed in the plant room to separate chemicals from general pool equipment.
- The roof leaks over courts two and three have had extensive repairs carried out.
- All courts have also recently been sanded and resealed.



During the year a new floor scrubber was also purchased at a total cost of \$7,000.

We are looking forward to 2010 which will see the installation of a new boiler.

Centre run group fitness programs have continued to attract encouraging attendance numbers throughout the year. With the inclusion of spin bikes in the 2010 season these numbers will increase even more. The gym's attendance numbers have increased slightly when compared to last years records, which is encouraging.

Our biggest event for the year by far was the Wildcats Coca-Cola Pre Season Championship game. There were over four hundred people in attendance, and the event attracted a wide variety of sponsors including the Shire, Alcoa and local businesses.

The school holidays saw the running of two roller-skating programs. The first one was quite successful with over forty children in attendance, however the second had to be cancelled as none attended. The swim school, basketball and netball have also seen improvement over the year.

Throughout the 2009 season we have had 126,163 patrons enter the centre compared to the previous year's result of 114,985 patrons. This makes an improvement of 11,178 in centre attendance from 2008 to 2009.

There have been some staff changes throughout the year with the employment of two trainees and Mr Glenn Paddick, as a duty manager. Current members of staff include:

- Centre Manager: Ron Thomas.
- Assistant Manager: Bronwyn Cooke.
- Casual Duty Manager: Stephanie Miles.
- Duty Manager: Glenn Paddick.
- Trainees: Matthew Watts and Finn Bombara.
- Group Fitness instructors: Debbie Piconeri, Hayley Pollard and Kaye Durbridge.
- Swimming instructors: Kaye Durbridge, Bronwyn White and Paula Birch.
- Cleaners: Sarah Dineley, Jenny Kidman and Ruby Aguila.
- Creche Attendants: Kathey Carley, Sarah Humphreys and Lee Davis.

Overall the 2009 season was very successful on both the wet and dry sides of the centre with a wide ranging variety of equipment improvement throughout the centre. Hopefully the next season will be even more rewarding.

STEVE CLEAVER
DIRECTOR COMMUNITY SERVICES

TECHNICAL SERVICES

Introduction

The Technical Services Department headed by Director Paul Webb is responsible for ensuring that the Shire infrastructure of roads, drains, footpaths, parks, gardens, playing fields, and cemetery meets the community's needs and are developed in an efficient and responsible manner.



Director Technical Services - Paul Webb

Responsibilities

- Design, construct and maintain Drainage, Roads and Pathways.
- Design, construct and maintain Parks and Gardens.
- Purchase, replacement and maintenance of Plant.

Road & Transport Infrastructure

Priority projects from the five year works program were constructed in the last financial period, with construction based on engineering design requirements. Continued collection of data is assisting to refine the Level of Service for road network classification, to facilitate levels of expenditure in co-ordination with level of use. Application of appropriate construction standards to traffic type/use was applied in this construction phase.

Due to increases in the supply price of construction materials, Councils road asset worth has substantially increased to \$87,921,145 replacement value. Councils hard road infrastructure length, due to gifted roads, now slightly exceeds 415km.

Road safety has also been key in the development of the previous and future works programs. Community support for this direction has been strong, with endorsement and support of the Road Wise Committee and Local Police. Collected data indicates that long straight stretches of road encourage high speed environments, as would be expected based on engineering design documentation. Changes to these environments over the long term will assist in changing this anti social behaviour in the urban environments of the Shire.

Road Works Program

Roads to Recovery Projects

The previous program included high priority projects, which were funded by Roads to Recovery:

- Haub/Holmes Road – Construct and Seal
- Hesse Street – Asphalt Seal
- Intersection of Logue and Recreation – Asphalt Seal
- Mayfield Road (Contribution) - Resheet
- King Street – Second Coat Seal
- King Place – Second Coat Seal
- Mill Street – Second Coat Seal
- Cullinga Street – Second Coat Seal
- Allowrie Street – Second Coat Seal

Total funds received for Roads to Recovery projects was \$158,115.

Own Resources

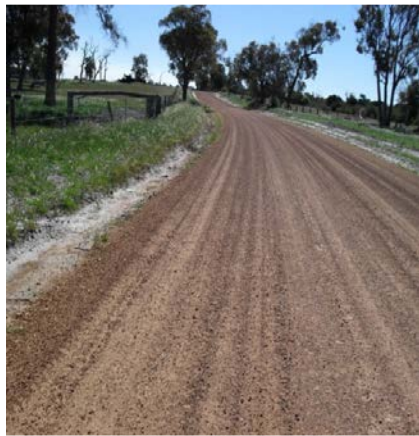
Councils own funding, with support of Regional Road Group funds, included the following-

- Coronation Road Widen and Seal, and reseal.
- Buller Road Resheet (Continuing).

Buller Road was constructed from a limestone gravel mix. This combines the best properties of both material that gives gradeability in the dry, and binding in the wet.

- Mayfield Road Resheet.
- Old Bunbury Road Widen and Seal.
- Wealand Road Resheet.
- Williamson road Resheet.

Coronation Road continues to be a priority with this years funding including a preconstruction project for the Coronation Road bridge. A safety audit will be conducted this year, which will demonstrate the adequacy of the bridge in the current road environment.



- Black Spot Funding

Much needed support was received for Blackspot projects listed below.

- Preston Beach Road

Widening and sealing of Preston Beach Road Blackspot project. Ongoing drainage rectification will be undertaken



- McNeill Road

These projects will continue to be monitored for adequacy of the applied construction recommendations.

Parks And Gardens

The program has seen the addition of 1 FTE to Parks and Gardens. Purchase of commercial grade mowers has assisting in the efficiency of the department. Parks and Gardens have now extended the in-house round to a fortnightly rotation to Preston Beach and Hamel Townsite which will assist in continued visual amenity of the locality.

PAUL WEBB
DIRECTOR TECHNICAL SERVICES

FINANCIAL REPORT - SEE SECTION B

AUDITOR'S REPORT - SEE SECTION C

SHIRE OF WAROONA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

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SHIRE OF WAROONA

FINANCIAL REPORT

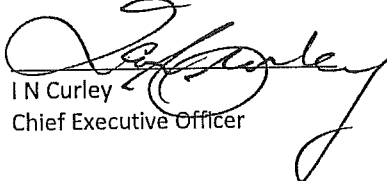
FOR THE YEAR ENDED 30TH JUNE 2009

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Waroona 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 Waroona 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 26th day of OCTOBER 2009.


I N Curley
Chief Executive Officer

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

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	2,369,292	2,302,542	2,120,316
Operating Grants, Subsidies and Contributions	28	2,622,001	1,565,685	1,795,747
Fees and Charges	27	1,196,610	1,101,770	1,255,570
Interest Earnings	2(a)	144,763	141,000	196,890
Other Revenue		<u>102,627</u>	<u>123,300</u>	<u>185,212</u>
		6,435,293	5,234,297	5,553,735
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(2,532,334)	(2,536,785)	(2,224,028)
Materials and Contracts		(1,465,276)	(1,291,360)	(1,605,748)
Utility Charges		(263,363)	(267,703)	(246,802)
Depreciation on Non-Current Assets	2(a)	(923,618)	(945,016)	(933,692)
Interest Expenses	2(a)	(31,446)	(31,723)	(32,898)
Insurance Expenses		(151,532)	(151,993)	(134,878)
Other Expenditure		<u>(145,330)</u>	<u>(173,802)</u>	<u>(140,715)</u>
		<u>(5,512,899)</u>	<u>(5,398,382)</u>	<u>(5,318,761)</u>
		922,394	(164,085)	234,974
 Non-Operating Grants, Subsidies and Contributions				
	28	1,901,385	2,886,668	1,267,160
Non Cash Contributions		1,505,958	0	0
Profit on Asset Disposals	20	62,004	43,451	13,476
Loss on Asset Disposal	20	<u>(83,843)</u>	<u>(44,721)</u>	<u>(74,455)</u>
NET RESULT		<u><u>4,307,898</u></u>	<u><u>2,721,313</u></u>	<u><u>1,441,155</u></u>

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

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

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		150,357	136,460	133,819
General Purpose Funding		4,541,531	3,400,543	3,177,956
Law, Order, Public Safety		303,767	60,890	78,666
Health		108,017	123,535	41,353
Education and Welfare		15,363	6,110	11,582
Housing		8,959	22,900	7,800
Community Amenities		1,221,726	1,003,813	1,365,387
Recreation and Culture		631,785	1,014,128	557,325
Transport		2,032,380	1,284,872	769,307
Economic Services		808,252	1,060,250	599,332
Other Property and Services		82,501	39,040	78,368
	2 (a)	<u>9,904,638</u>	<u>8,152,541</u>	<u>6,820,895</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(751,121)	(763,795)	(765,400)
General Purpose Funding		(137,323)	(130,795)	(70,163)
Law, Order, Public Safety		(151,478)	(118,935)	(108,794)
Health		(246,315)	(303,539)	(195,173)
Education and Welfare		(143,680)	(110,244)	(119,011)
Housing		(47,907)	(30,947)	(6,992)
Community Amenities		(1,419,011)	(1,415,697)	(1,448,319)
Recreation and Culture		(1,055,326)	(1,040,928)	(1,115,306)
Transport		(1,124,704)	(1,099,668)	(1,088,325)
Economic Services		(387,468)	(365,527)	(333,938)
Other Property and Services		(100,962)	(18,255)	(95,040)
	2 (a)	<u>(5,565,295)</u>	<u>(5,398,330)</u>	<u>(5,346,461)</u>
BORROWING COSTS EXPENSE				
Community Amenities		(629)	(1,053)	(1,469)
Recreation and Culture		(24,598)	(24,280)	(24,266)
Transport		(6,218)	(7,565)	(7,544)
	2 (a)	<u>(31,445)</u>	<u>(32,898)</u>	<u>(33,279)</u>
NET RESULT		<u><u>4,307,898</u></u>	<u><u>2,721,313</u></u>	<u><u>1,441,155</u></u>

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

**SHIRE OF WAROONA
BALANCE SHEET
AS AT 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,791,078	2,284,656
Trade and Other Receivables	4	179,257	347,668
Inventories	5	12,127	12,852
TOTAL CURRENT ASSETS		3,982,462	2,645,176
NON-CURRENT ASSETS			
Other Receivables	4	84,677	41,290
Property, Plant and Equipment	6	21,505,543	21,164,669
Infrastructure	7	62,829,085	32,910,650
TOTAL NON-CURRENT ASSETS		84,419,305	54,116,609
TOTAL ASSETS		88,401,767	56,761,785
CURRENT LIABILITIES			
Trade and Other Payables	8	631,645	427,375
Long Term Borrowings	9	51,742	53,339
Provisions	10	475,440	473,432
TOTAL CURRENT LIABILITIES		1,158,827	954,146
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	428,021	432,264
Provisions	10	14,746	26,795
TOTAL NON-CURRENT LIABILITIES		442,767	459,059
TOTAL LIABILITIES		1,601,594	1,413,205
NET ASSETS		86,800,173	55,348,580
EQUITY			
Retained Surplus		14,598,296	10,475,986
Reserves - Cash Backed	11	2,236,826	2,051,238
Reserves - Asset Revaluation	12	69,965,051	42,821,356
TOTAL EQUITY		86,800,173	55,348,580

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

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

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		10,475,986	9,058,264
Net Result		4,307,898	1,441,156
Transfer from/(to) Reserves		<u>(185,588)</u>	<u>(23,434)</u>
Balance as at 30 June 2009		<u>14,598,296</u>	<u>10,475,986</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2008		2,051,238	2,027,804
Amount Transferred (to)/from Retained Surplus		<u>185,588</u>	<u>23,434</u>
Balance as at 30 June 2009	11	<u>2,236,826</u>	<u>2,051,238</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2008		42,821,356	37,033,090
Revaluation Increment		27,143,695	5,788,266
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2009	12	<u>69,965,051</u>	<u>42,821,356</u>
TOTAL EQUITY		<u>86,800,173</u>	<u>55,348,580</u>

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

SHIRE OF WAROONA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2009 \$	2009 Budget \$	2008 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,343,385	2,308,042	2,102,857
Operating Grants Subsidies and Contributions		2,622,001	1,565,685	1,847,207
Fees and Charges		1,343,071	1,146,770	1,160,033
Interest Earnings		144,763	141,000	209,950
Goods and Services Tax		100,437	180,000	361,652
Other Revenue		<u>102,627</u>	<u>133,480</u>	<u>126,462</u>
		6,656,284	5,474,977	5,808,161
Payments				
Employee Costs		(2,525,025)	(2,561,785)	(2,204,172)
Materials and Contracts		(1,278,024)	(1,353,912)	(1,278,697)
Utility Charges		(263,363)	(273,403)	(246,803)
Insurance Expenses		(151,532)	(151,993)	(134,878)
Interest expenses		(31,053)	(35,523)	(33,467)
Goods and Services Tax		(44,377)	(182,500)	(417,712)
Other Expenditure		<u>(145,330)</u>	<u>(173,802)</u>	<u>(140,146)</u>
		<u>(4,438,704)</u>	<u>(4,732,918)</u>	<u>(4,455,875)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>2,217,580</u>	<u>742,059</u>	<u>1,352,286</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(688,255)	(1,340,770)	(770,478)
Payments for Construction of Infrastructure		(2,153,290)	(3,674,696)	(2,063,637)
Advances to Community Groups		(57,500)	(60,000)	(50,000)
Proceeds from Sale of Plant and Equipment		286,432	268,500	209,505
Grants Contributions for Development of Assets		<u>1,901,385</u>	<u>2,886,668</u>	<u>1,267,160</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(711,228)</u>	<u>(1,920,298)</u>	<u>(1,407,450)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(53,339)	(53,338)	(47,110)
Proceeds from Self Supporting Loan		5,909	7,909	5,800
Proceeds from New Debentures		<u>47,500</u>	<u>60,000</u>	<u>50,000</u>
Net Cash Provided By (Used In)				
Financing Activities		70	14,571	8,690
Net Increase (Decrease) in Cash Held		1,506,422	(1,163,668)	(46,474)
Cash at Beginning of Year		2,284,656	2,284,655	2,331,130
Cash and Cash Equivalents				
at the End of the Year	13(a)	<u><u>3,791,078</u></u>	<u><u>1,120,987</u></u>	<u><u>2,284,656</u></u>

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

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

	NOTE	2009 \$	2008 Budget \$
REVENUES			
Governance		150,357	136,460
General Purpose Funding		2,172,240	1,098,001
Law, Order, Public Safety		303,767	60,890
Health		108,017	123,535
Education and Welfare		15,363	6,110
Housing		8,959	22,900
Community Amenities		1,221,726	1,003,813
Recreation and Culture		631,784	1,014,128
Transport		2,032,380	1,296,747
Economic Services		808,252	1,060,250
Other Property and Services		<u>82,501</u>	<u>39,040</u>
		7,535,346	5,861,874
EXPENSES			
Governance		(751,121)	(763,795)
General Purpose Funding		(137,323)	(130,795)
Law, Order, Public Safety		(151,478)	(118,935)
Health		(246,315)	(303,539)
Education and Welfare		(143,680)	(110,244)
Housing		(47,907)	(30,947)
Community Amenities		(1,419,640)	(1,416,750)
Recreation and Culture		(1,079,924)	(1,065,208)
Transport		(1,130,922)	(1,119,108)
Economic Services		(387,468)	(365,527)
Other Property and Services		<u>(100,962)</u>	<u>(18,255)</u>
		(5,596,740)	(5,443,103)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		21,839	1,270
Movement in Employee Benefit Provisions		(10,041)	0
Non Cash Contributions from Developers/FESA		(1,505,958)	0
Depreciation and Amortisation on Assets		923,618	945,016
Capital Expenditure and Revenue			
Purchase Land and Buildings		(206,874)	(851,900)
Purchase Infrastructure Assets - Roads		(991,487)	(1,010,427)
Purchase Infrastructure Assets - Other		(1,147,184)	(2,664,269)
Purchase Plant and Equipment		(482,815)	(476,750)
Purchase Furniture and Equipment		(13,186)	(12,120)
Proceeds from Disposal of Assets		286,432	268,500
Repayment of Debentures		(53,339)	(53,338)
Advances to Community Groups		(57,500)	(60,000)
Proceeds from New Debentures		47,500	60,000
Self-Supporting Loan Principal Income		5,910	7,909
Transfers to Reserves (Restricted Assets)		(729,588)	(22,500)
Transfers from Reserves (Restricted Assets)		544,000	987,750
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		160,623	159,546
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,099,848	0
Amount Required to be Raised from Rates	22	<u><u>(2,369,292)</u></u>	<u><u>(2,302,542)</u></u>

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

SHIRE OF WAROONA
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.

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

SHIRE OF WAROONA
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.

SHIRE OF WAROONA
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 and Equipment	5 years
Plant and Equipment	8 years
Light Vehicles	2 years
Bicycle Racks	30 years
Bridges - timber	35 years
- steel and concrete	75 years
Culverts	50 years
Drains	75 years
Drinking Fountains	15 years
Dual Use Path - concrete	50 years
- slabs	20 years
Irrigation & Reticulation Systems	20 years
Park Furniture	20 years
Playground Equipment	20 years
Sealed roads and streets	50 years
- construction/road base	45 years
- bituminous seals	15 years
- asphalt surfaces	25 years
Sundry Items	20 years
Unsealed Roads - formed	50 years
- gravel	12 years
Seats and Benches	10 years
Water supply piping	75 years
Car Parks	20 years

SHIRE OF WAROONA
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.

SHIRE OF WAROONA
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.

SHIRE OF WAROONA
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.

SHIRE OF WAROONA
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) Economic Dependency

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

(t) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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.

(v) Rounding Off Figures

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

(w) Comparative Figures

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

(x) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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

Title and Topic	Issued	Applicable (*)	Impact
(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 101	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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(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. 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.
(v) AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 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.
(vi) AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 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 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) 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	

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. REVENUES AND EXPENSES	2009	2008
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	9,170	9,085
- Other Services	1,900	1,720
Depreciation		
Buildings	135,649	135,649
Furniture and Equipment	31,572	37,693
Plant and Equipment	101,866	105,865
Roads	507,115	507,115
Other Infrastructure	147,416	147,370
	<u>923,618</u>	<u>933,692</u>
Interest Expenses		
Debentures (<i>refer Note 21(a)</i>)	31,446	32,898
	<u>31,446</u>	<u>32,898</u>
(ii) Crediting as Revenue:	2009	2009
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	110,905	83,000
- Other Funds	33,858	58,000
Other Interest Revenue (<i>refer note 26</i>)	17,057	13,400
	<u>161,820</u>	<u>154,400</u>

SHIRE OF WAROONA
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 Waroona is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Members of Council, civic reception and function, public relations administration costs associated with governance.

GENERAL PURPOSE FUNDING

Rates and general purpose Government Grants. Expenses relating to these items.

LAW, ORDER, PUBLIC SAFETY

Fire prevention and animal control by the supervision of various by-laws, public security and civil emergency services.

HEALTH

Food control, operation of Child Health Clinic and general health services. Operation of Waroona Community Health and Resource Centre.

EDUCATION AND WELFARE

Operation of Pre-School facilities and Senior Citizens Centre & Community Development Officer..

HOUSING

Rental of Council owned house at 1 Eastcott Street Waroona.

COMMUNITY AMENITIES

Rubbish and recycling collection service, maintenance and improvement of stormwater drainage, upkeep of cemeteries, litter control, town planning control and public conveniences.

RECREATION AND CULTURE

Maintenance of halls and pavilions, ovals, parks and gardens, public library and Waroona Indoor Recreation and Aquatic Centre.

TRANSPORT

Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs, street cleaning and vehicle licensing function.

ECONOMIC SERVICES

Tourism, pest control services, implementation of building controls, operation of Landcare premises and regional development

OTHER PROPERTY & SERVICES

Private works, public work overheads (ie - engineering, leave, public holidays), plant operation (ie - repairs, wages, insurance), stock and materials.

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

	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).	<u>0</u> 0	<u>0</u> 0
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Royalties for Regions	491,995	0
RLCIP	16,157	0
Office of Crime Prevention - Graffiti Trailer	19,995	
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.	0	0
Closing balances of unexpended grants	<u>528,147</u>	<u>0</u>
Comprises:		
Royalties for Regions	491,995	0
RLCIP	16,157	0
Office of Crime Prevention - Graffiti Trailer	19,995	
	<u>528,147</u>	<u>0</u>

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

	2009 \$	2008 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,026,105	233,418
Restricted	<u>2,764,973</u>	<u>2,051,238</u>
	<u><u>3,791,078</u></u>	<u><u>2,284,656</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Sporting Reserve	57,654	59,543
Building Asset Maintenance Reserve	41,630	39,335
Drakesbrook Weir Development Reserve	193,934	183,243
Rec Centre Building Maintenance Reserve	75,951	95,386
Emergency Reserve	12,412	11,727
Gravel Pit Reserve	0	0
Industrial Land Reserve	163,248	154,248
Information Technology Reserve	19,105	18,052
Plant Reserve	403,801	459,440
Long Service Leave Reserve	75,854	71,673
Town Centre Development Reserve	7,677	7,330
Waste Management Reserve	236,496	195,113
Admin Centre Reserve	857,034	622,666
Hamel Hall Amenities Reserve	54,459	91,142
Preston Volunteer Rangers Reserve	16,410	22,340
Footpath Construction Reserve	21,161	20,000
Unspent Grants	<u>528,147</u>	<u>0</u>
	<u><u>2,764,973</u></u>	<u><u>2,051,238</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	48,989	22,005
Sundry Debtors	116,154	262,615
GST Receivable	0	56,060
Loans - Clubs/Institutions	<u>14,114</u>	<u>5,910</u>
	<u><u>179,257</u></u>	<u><u>346,590</u></u>
Non-Current		
Rates Outstanding - Pensioners	0	0
Loans - Clubs/Institutions	<u>84,677</u>	<u>41,290</u>
	<u><u>84,677</u></u>	<u><u>41,290</u></u>
5. INVENTORIES		
Current		
Fuel and Materials	8,603	10,781
Kiosk	<u>3,524</u>	<u>2,071</u>
	<u><u>12,127</u></u>	<u><u>12,852</u></u>

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

	2009 \$	2008 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Valuation	13,930,000	13,930,000
Buildings - Cost	7,675,346	7,483,092
Less Accumulated Depreciation	<u>(1,283,021)</u>	<u>(1,147,372)</u>
	20,322,325	20,265,720
 Furniture and Equipment - Cost	 829,182	 815,995
Less Accumulated Depreciation	<u>(635,929)</u>	<u>(604,356)</u>
	193,253	211,639
 Plant and Equipment - Cost	 2,178,760	 2,115,346
Less Accumulated Depreciation	<u>(1,192,136)</u>	<u>(1,431,377)</u>
	986,624	683,969
 Tools - Cost	 3,454	 3,454
Less Accumulated Depreciation	<u>(113)</u>	<u>(113)</u>
	3,341	3,341
	<u><u>21,505,543</u></u>	<u><u>21,164,669</u></u>

SHIRE OF WAROONA
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.

	Buildings	Furniture & Equipment	Plant & Equipment	Tools	Land	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2008	6,335,720	211,639	683,969	3,341	13,930,000	21,164,669
Additions	192,254	13,186	482,816	0	0	688,256
(Disposals)	0	0	(308,272)	0	0	(308,272)
Revaluation - Increments	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0	0
- reversals	0	0	0	0	0	0
Depreciation (Expense)	(135,649)	(31,572)	(101,866)	0	0	(269,087)
Gifted Asset	0	0	229,977	0	0	229,977
Balance as at 30 June 2009	<u>6,392,325</u>	<u>193,253</u>	<u>986,624</u>	<u>3,341</u>	<u>13,930,000</u>	<u>21,505,543</u>

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

	2009	2008
	\$	\$
7. INFRASTRUCTURE		
Roads - Management Valuation	87,921,145	36,863,915
Less Accumulated Depreciation	<u>(32,089,825)</u>	<u>(9,936,643)</u>
	55,831,320	26,927,272
 Infrastructure Other - Management Valuation	 8,109,413	 6,947,610
Less Accumulated Depreciation	<u>(1,111,648)</u>	<u>(964,232)</u>
	6,997,765	5,983,378
	<u><u>62,829,085</u></u>	<u><u>32,910,650</u></u>

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

This policy accords with the requirements of AASB 116.

SHIRE OF WAROONA
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.

	Roads \$	Other Infrastructure \$	Total \$
Balance as at 1 July 2008	26,927,272	5,983,378	32,910,650
Additions	991,487	1,161,803	2,153,290
(Disposals)	0	0	0
Revaluation - Increments	27,143,696	0	27,143,696
- (Decrements)	0	0	0
Impairment - (losses)	0	0	0
- reversals	0	0	0
Depreciation (Expense)	(507,115)	(147,416)	(654,531)
Gifted Asset	1,275,980	0	1,275,980
Balance as at 30 June 2009	<u>55,831,320</u>	<u>6,997,765</u>	<u>62,829,085</u>

SHIRE OF WAROONA
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	422,292	365,856
Accrued Interest on Debentures	5,198	4,806
Accrued Expense - Materials/Contracts	130,088	0
Accrued Salaries and Wages	74,067	56,716
	<u>631,645</u>	<u>427,378</u>
9. LONG-TERM BORROWINGS		
Current		
Debentures	51,742	53,339
	<u>51,742</u>	<u>53,339</u>
Non-Current		
Debentures	428,022	432,264
	<u>428,022</u>	<u>432,264</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	217,953	201,797
Provision for Long Service Leave	257,487	271,635
	<u>475,440</u>	<u>473,432</u>
Non-Current		
Provision for Long Service Leave	14,746	26,795
	<u>14,746</u>	<u>26,795</u>

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

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH BACKED			
(a) Sporting Reserve			
Opening Balance	59,543	59,542	52,608
Amount Set Aside / Transfer to Reserve	8,112	2,500	6,935
Amount Used / Transfer from Reserve	(10,000)	0	0
	<u>57,655</u>	<u>62,042</u>	<u>59,543</u>
(b) Building Asset Maintenance			
Opening Balance	39,335	39,335	36,695
Amount Set Aside / Transfer to Reserve	2,295	0	2,640
Amount Used / Transfer from Reserve	0	(15,000)	0
	<u>41,630</u>	<u>24,335</u>	<u>39,335</u>
(c) Drakesbrook Weir Development			
Opening Balance	183,243	183,243	170,935
Amount Set Aside / Transfer to Reserve	10,691	0	12,308
Amount Used / Transfer from Reserve	0	0	0
	<u>193,934</u>	<u>183,243</u>	<u>183,243</u>
(d) Rec Centre Building Reserve			
Opening Balance	95,386	95,385	88,983
Amount Set Aside / Transfer to Reserve	5,565	0	6,403
Amount Used / Transfer from Reserve	(25,000)	(25,000)	0
	<u>75,951</u>	<u>70,385</u>	<u>95,386</u>
(e) Emergency Reserve			
Opening Balance	11,727	11,727	10,990
Amount Set Aside / Transfer to Reserve	684	0	737
Amount Used / Transfer from Reserve	0	0	0
	<u>12,411</u>	<u>11,727</u>	<u>11,727</u>
(f) Preston Volunteer Rangers			
Opening Balance	22,340	22,340	0
Amount Set Aside / Transfer to Reserve	12,070	20,000	22,340
Amount Used / Transfer from Reserve	(18,000)	(18,000)	0
	<u>16,410</u>	<u>24,340</u>	<u>22,340</u>
(g) Industrial Land Development			
Opening Balance	154,249	154,248	143,888
Amount Set Aside / Transfer to Reserve	8,999	0	10,361
Amount Used / Transfer from Reserve	0	0	0
	<u>163,248</u>	<u>154,248</u>	<u>154,249</u>
(h) Information Technology			
Opening Balance	18,052	18,053	16,840
Amount Set Aside / Transfer to Reserve	1,053	0	1,212
Amount Used / Transfer from Reserve	0	0	0
	<u>19,105</u>	<u>18,053</u>	<u>18,052</u>

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

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH BACKED			
(i) Plant			
Opening Balance	459,440	459,440	339,979
Amount Set Aside / Transfer to Reserve	367,361	0	119,461
Amount Used / Transfer from Reserve	<u>(423,000)</u>	<u>(130,750)</u>	<u>0</u>
	<u>403,801</u>	<u>328,690</u>	<u>459,440</u>
(j) Long Service Leave			
Opening Balance	71,673	71,672	66,862
Amount Set Aside / Transfer to Reserve	4,181	0	4,811
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>75,854</u>	<u>71,672</u>	<u>71,673</u>
(k) Town Centre Redevelopment			
Opening Balance	7,330	7,330	370,433
Amount Set Aside / Transfer to Reserve	347	0	0
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(363,103)</u>
	<u>7,677</u>	<u>7,330</u>	<u>7,330</u>
(l) Waste Management			
Opening Balance	195,113	195,114	144,702
Amount Set Aside / Transfer to Reserve	41,383	0	50,411
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>236,496</u>	<u>195,114</u>	<u>195,113</u>
(m) Administration Centre Extensions			
Opening Balance	622,666	622,666	495,285
Amount Set Aside / Transfer to Reserve	234,368	0	127,381
Amount Used / Transfer from Reserve	<u>0</u>	<u>(700,000)</u>	<u>0</u>
	<u>857,034</u>	<u>(77,334)</u>	<u>622,666</u>
(n) Hamel Hall Amenities			
Opening Balance	91,141	91,142	85,024
Amount Set Aside / Transfer to Reserve	31,317	0	6,117
Amount Used / Transfer from Reserve	<u>(68,000)</u>	<u>(79,000)</u>	<u>0</u>
	<u>54,458</u>	<u>12,142</u>	<u>91,141</u>
(o) Footpath Construction			
Opening Balance	20,000	20,000	0
Amount Set Aside / Transfer to Reserve	1,161	0	20,000
Amount Used / Transfer from Reserve	<u>0</u>	<u>(20,000)</u>	<u>0</u>
	<u>21,161</u>	<u>0</u>	<u>20,000</u>
Total Cash Backed Reserves	<u><u>2,236,826</u></u>	<u><u>1,085,987</u></u>	<u><u>2,051,238</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.

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

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

Sporting Reserve - to provide funds for sporting facilities and equipment as determined by council together with low interest loans applications.

Building Maintenance Reserve - to provide funds for future maintenance.

Drakesbrook Weir Reserve - to provide funds to upgrade public facilities at Drakesbrook Weir.

Rec Centre Building Maintenance Reserve - to be used for future maintenance items at the Recreation Centre.

Emergency Assistance Reserve - to provide funds to assist in emergency situations eg major fire.

Footpath Construction Reserve - To provide funds for future extension of Dual use path network

Industrial Land Development Reserve - to provide funds for future establishment of a light industrial estate.

Information Technology Reserve - to be used to ensure that the network computer system is maintained including external connections.

Plant Reserve - to be used for the purchase of major plant.

Long Service Leave Reserve - to be used to fund annual and long service leave requirements.

Town Centre Redevelopment Reserve - to provide funds for the upgrading of Waroona Town Centre.

Waste Management Reserve - to be used to maintain operations at Buller Road Refuse Site.

Administrative Centre Reserve - to provide funds for the extensions of the Shire of Waroona Administration Office.

Hamel Hall Amenities Reserve - to provide funds for the upgrading of the Hamel Hall Amenities.

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

12. RESERVES - ASSET REVALUATION	2009	2008
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2008	12,659,000	12,659,000
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	<u>12,659,000</u>	<u>12,659,000</u>
 (b) Roads		
Balance as at 1 July 2008	30,162,358	24,374,090
Revaluation Increment	27,143,693	5,788,268
Revaluation Decrement	0	0
Balance as at 30 June 2009	<u>57,306,051</u>	<u>30,162,358</u>
 TOTAL ASSET REVALUATION RESERVES	 <u><u>69,965,051</u></u>	 <u><u>42,821,358</u></u>

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

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>3,791,078</u>	<u>1,120,987</u>	<u>2,284,656</u>

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

Net Result	4,307,898	2,721,313	1,441,155
Depreciation	923,618	945,016	933,692
(Profit)/Loss on Sale of Asset	21,839	1,270	60,979
(Increase)/Decrease in Receivables	176,612	60,680	(107,227)
(Increase)/Decrease in Inventories	725	1,352	481
Increase/(Decrease) in Payables	204,271	(75,904)	371,542
Increase/(Decrease) in Employee Provisions	(10,041)	(25,000)	(25,116)
Non cash contributions	(1,505,957)	0	0
Grants/Contributions for the Development of Assets	<u>(1,901,385)</u>	<u>(2,886,668)</u>	<u>(1,323,220)</u>
Net Cash from Operating Activities	<u>2,217,580</u>	<u>742,059</u>	<u>1,352,286</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements		
Bank Overdraft limit	0	0
Credit Card limit	20,000	20,000
Credit Card Balance at Balance Date	<u>513</u>	<u>0</u>
Total Amount of Credit Unused	<u>20,513</u>	<u>20,000</u>

Loan Facilities

Loan Facilities - Current	51,742	53,339
Loan Facilities - Non-Current	<u>428,022</u>	<u>432,264</u>
Total Facilities in Use at Balance Date	<u>479,764</u>	<u>485,603</u>

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

(d) Non Cash Contributions

Plant & Equipment donated by FESA & acquired by Council at Valuation	229,977	0
Infrastructure Assets Constructed by Developers and Acquired by Council at Valuation - Roads	<u>1,275,981</u>	<u>0</u>
	<u>1,505,958</u>	<u>0</u>

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

14. CONTINGENT LIABILITIES

The Shire of Waroona has no contingent liabilities as at 30 June 2009.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

The Shire of Waroona has no finance lease commitments as at 30 June 2009.

(b) Operating Lease Commitments

The Shire of Waroona has no operating lease commitments as at 30 June 2009.

(c) Capital Expenditure Commitments

The Shire of Waroona has no capital expense commitments as at 30 June 2009.

16. JOINT VENTURE

The Shire of Waroona does not have any Joint Venture arrangement at this time.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2009	2008
	\$	\$
Governance	1,398,572	1,225,098
General Purpose Funding	0	0
Law, Order, Public Safety	385,556	167,436
Health	1,498,130	1,532,367
Education and Welfare	69,966	72,659
Housing	48,027	50,182
Community Amenities	2,571,469	2,630,911
Recreation and Culture	16,056,367	16,185,606
Transport	58,533,613	28,394,208
Economic Services	2,548,842	2,586,765
Other Property and Services	1,220,413	1,230,086
Unallocated	4,070,670	2,686,467
	<u>88,401,625</u>	<u>56,761,785</u>

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

	2009	2008	2007
18. FINANCIAL RATIOS			
Current Ratio	1.051	0.673	0.877
Untied Cash to Unpaid Trade Creditors Ratio	2.430	0.684	5.433
Debt Ratio	0.018	0.025	0.022
Debt Service Ratio	0.022	0.014	0.026
Gross Debt to Revenue Ratio	0.126	0.082	0.101
Gross Debt to Economically Realisable Assets Ratio	0.019	0.020	0.142
Rate Coverage Ratio	0.369	0.314	0.343
Outstanding Rates Ratio	0.021	0.011	0.007

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

SHIRE OF WAROONA
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 \$
Hall Deposits	2,425	850	(350)	2,925
Maintenance Bonds Various	5,600	11,500	0	17,100
Tree Bond L49/50	9,000	0	0	9,000
Road Works Construction	11,470	50,264	(50,264)	11,470
Community Sports Events	14,158	0	(4,202)	9,956
South West Meat Processors	25,000	0	(25,000)	0
Lot 4 & 16 Thatcher St POS	20,500	0	0	20,500
Lonepine Redevelopment Bond	7,000	0	0	7,000
Hamel Eco Precinct Contribution	2,042	0	0	2,042
Roads To Recovery	15,863	0	(15,863)	0
Peel Recreation Plan	2,500	0	(2,500)	0
Town Hall Retention	6,495	0	(6,495)	0
Memorial Hall Retention	13,860	0	(13,860)	0
25 Thatcher St Pos	11,000	0	(11,000)	0
Landcare Grants From Muni	131,870	108,763	(131,870)	108,763
Sees Vehicle Grant	10,000	0	0	10,000
Fire Tank Lake Clifton	3,750	0	(3,750)	0
Extractive Industry Bonds	21,783	0	0	21,783
Drainage Basin Contributions	0	8,395	0	8,395
Sundry Items	0	22,643	0	22,643
Lot 511 Thatcher St POS	211,150	20,598	0	231,748
Footpath/Kerb Deposits	925	0	0	925
Bit Levy	5,475	28,816	(28,131)	6,160
Builders Registration Board	1,813	4,487	(6,300)	0
Vehicle License Plates	0	1,350	(1,350)	0
	<u>533,679</u>			<u>490,410</u>

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

20. DISPOSALS OF ASSETS - 2008/09 FINANCIAL YEAR

The following assets were disposed of during the year.

<u>By Class of Asset</u>	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant and Equipment						
Statesman Sedan(CEO)	42,846	42,845	(30,000)	(36,000)	(12,846)	(6,845)
Berlina Sedan (DCEO)	30,411	30,411	(24,314)	(27,000)	(6,097)	(3,411)
Courier Tray (Ranger)	24,001	24,000	(13,636)	(18,000)	(10,365)	(6,000)
Mazda Station Sedan (DSD)	28,910	28,910	(17,273)	(24,000)	(11,637)	(4,910)
Subaru Forester (1)	27,452	27,452	(24,545)	(24,000)	(2,907)	(3,452)
Subaru Forester (2)	27,452	27,452	(22,727)	(24,000)	(4,725)	(3,452)
JD Ride on Mower	0	0	(637)	(1,500)	637	1,500
Mitsubishi Tip Truck	0	0	(59,091)	(40,000)	59,091	40,000
Toyota Traytop	5,049	5,049	(7,091)	(7,000)	2,042	1,951
Falcon Utility	23,609	23,608	(14,744)	(18,000)	(8,865)	(5,608)
Futura Sedan (DTS)	29,267	29,267	(14,091)	(23,000)	(15,176)	(6,267)
Kia Sedan (DCS)	30,777	30,776	(27,273)	(26,000)	(3,504)	(4,776)
Trailco Poly Reel Irrigator	3,000	0	0	0	(3,000)	0
Toyota Hi-Lux (WR7690)	0	0	0	0	0	0
Toyota Panel Van (WR314)	4,500	0	0	0	(4,500)	0
Suzuki Sierra Utility	221	0	0	0	(221)	0
Deutscher SP Mower	0	0	(234)	0	234	0
Isuzu 3.4 Fire Vehicle	0	0	0	0	0	0
Kia Sedan (DCS)	30,777	0	(30,777)	0	0	0
	308,272	269,770	(286,433)	(268,500)	(21,839)	(1,270)

<u>By Program</u>	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Statesman Sedan(CEO)	42,846	42,845	(30,000)	(36,000)	(12,846)	(6,845)
Berlina Sedan (DCEO)	30,411	30,411	(24,314)	(27,000)	(6,097)	(3,411)
Law, Order, Public Safety						
Isuzu 3.4 Fire Vehicle	0	0	0	0	0	0
Courier Tray (Ranger)	24,001	24,000	(13,636)	(18,000)	(10,365)	(6,000)
Community Amenities						
Mazda Station Sedan (DSD)	28,910	28,910	(17,273)	(24,000)	(11,637)	(4,910)
Subaru Forester (1)	27,452	27,452	(24,545)	(24,000)	(2,907)	(3,452)
Subaru Forester (2)	27,452	27,452	(22,727)	(24,000)	(4,725)	(3,452)
Transport						
JD Ride on Mower	0	0	(637)	(1,500)	637	1,500
Deutscher SP Mower	0	0	(234)	0	234	0
Mitsubishi Tip Truck	0	0	(59,091)	(40,000)	59,091	40,000
Toyota Traytop	5,049	5,049	(7,091)	(7,000)	2,042	1,951
Trailco Poly Reel Irrigator	3,000	0	0	0	(3,000)	0
Toyota Hi-Lux (WR7690)	0	0	0	0	0	0
Toyota Panel Van (WR314)	4,500	0	0	0	(4,500)	0
Suzuki Sierra Utility	221	0	0	0	(221)	0
Falcon Utility	23,609	23,608	(14,744)	(18,000)	(8,865)	(5,608)
Futura Sedan (DTS)	29,267	29,267	(14,091)	(23,000)	(15,176)	(6,267)
Economic Services						
Kia Sedan (DCS)	30,777	30,776	(27,273)	(26,000)	(3,504)	(4,776)
Kia Sedan (DCS)	30,777	0	(30,777)	0	0	0
	308,272	269,770	(286,433)	(268,500)	(21,839)	(1,270)

Summary

	2008/09 Actual \$	2008/09 Budget \$
Profit on Asset Disposals	62,004	43,451
Loss on Asset Disposals	(83,843)	(44,721)
	<u>(21,839)</u>	<u>(1,270)</u>

SHIRE OF WAROONA
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 \$
Community Amenities	10,256		10,256	10,256	0	0	629	655
Town Street Drainage								
Recreation & Culture	131,158		10,173	10,173	120,985	120,985	6,285	8,877
Aquatic Centre	191,021		7,029	7,029	183,992	183,993	14,943	12,456
Basketball Stadium	47,200		5,910	5,910	41,290	41,290	3,370	3,339
Preston Beach Golf Club *		47,500	0	0	47,500	50,000	0	0
Waroona Bowling Club *								
Transport	77,108		10,928	10,928	66,180	66,180	4,597	4,725
Depot Construction	28,860		9,042	9,042	19,818	19,818	1,621	1,644
Isuzu Truck	485,603	47,500	53,338	53,338	479,765	482,266	31,445	31,696

(*) 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 \$	
Waroona Golf Club *	47,500	50,000	Treasury	Debenture	7	10,202	5.3200	47,500	50,000	0

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

(c) Unspent Debentures

The Shire of Waroona has no unspent debentures for the 2008/09 financial year.

(d) Overdraft

The Shire of Waroona has no overdraft facility as at 30 June 2009.

(e) Business Access Cards

The Shire of Waroona have two Business Access Visa accounts with a combined credit limit of \$20,000. The balance as at 30 June 2009 was \$513.

SHIRE OF WAROONA
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 \$
Differential General Rate											
1 Waroona GRV	11.0354	760	5,911,858	652,397	28549	0	680,946	652,374	0	0	652,374
3 Hamel GRV	11.0354	29	187,720	20,715	24281	0	44,996	20,717	0	0	20,717
4 Preston Beach GRV	11.0354	174	1,196,600	132,050	556	0	132,606	132,049	0	0	132,049
5 Prescribed Town GRV	11.0354	16	132,832	14,658	1107	0	15,765	14,658	0	0	14,658
8 Lake Clifton GRV	11.0354	124	894,714	98,735		0	98,735	98,735	0	0	98,735
Non Rateable GRV		233									
2 Waroona UV	0.3553	478	243,990,000	866,897	11,258	0	878,155	866,896	0	0	866,896
6 Prescribed UV	0.3553	102	31,048,000	110,314	0	0	110,314	110,313	0	0	110,313
Sub-Totals		1,916	283,361,724	1,895,766	65,751	0	1,961,517	1,895,742	0	0	1,895,742
Minimum Rates											
1 Waroona GRV	600	231	771,254	138,600	0	0	138,600	138,600	0	0	138,600
3 Hamel GRV	600	8	19,416	4,800	0	0	4,800	4,800	0	0	4,800
4 Preston Beach GRV	600	287	1,273,791	172,200	0	0	172,200	172,200	0	0	172,200
5 Prescribed Town GRV	600	5	14,780	3,000	0	0	3,000	3,000	0	0	3,000
8 Lake Clifton GRV	600	72	237,875	43,200	0	0	43,200	43,200	0	0	43,200
2 Waroona UV	600	40	3,988,151	24,000	0	0	24,000	24,000	0	0	24,000
6 Prescribed UV	600	21	3,010,000	12,600	0	0	12,600	12,600	0	0	12,600
7 Mining	600	14	175,980	8,400	975	0	9,375	8,400	0	0	8,400
Sub-Totals		678	9,491,247	406,800	975	0	407,775	406,800	0	0	406,800
Specified Area Rate (refer note 23)							2,369,292				2,302,542
Discounts (refer note 25)							0				0
Totals							2,369,292				2,302,542

23. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

The Shire of Waroona has no property subject to Specified Area rates.

24. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

The Shire of Waroona has not imposed any service charge during the 2008/09 year.

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

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		0	0
Minimum Rate	Discount		0	0
			0	0
Photocopy Charge	Waiver		0	0
Rate Assessment	Write-Off		388	0

26. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		9,366	7,600
Interest on Instalments Plan	5.50%		7,691	5,800
Charges on Instalment Plan		8.00	10,368	8,800
			27,425	22,200

Ratepayers had the option of paying their rates in the following manner:

Single Payment		Due Date	26 Septemeber 2008
Two Instalments	1st	Due Date	26 Septemeber 2008
	2nd	Due Date	26 November 2008
Four Instalments	1st	Due Date	26 Septemeber 2008
	2nd	Due Date	26 November 2008
	3rd	Due Date	27 January 2009
	4th	Due Date	30 March 2009

27. FEES & CHARGES

	2009 \$	2008 \$
Governance	19,251	18,648
General Purpose Funding	15,766	0
Law, Order, Public Safety	16,081	9,894
Health	89,709	22,535
Education and Welfare	100	0
Housing	8,959	101
Community Amenities	642,586	821,076
Recreation and Culture	295,065	330,089
Transport	0	30
Economic Services	49,615	44,954
Other Property and Services	59,478	8,243
	<u>1,196,610</u>	<u>1,255,570</u>

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

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

28. GRANT REVENUE	2009	2008
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	2,622,001	887,004
Non-Operating Grants, Subsidies and Contributions	1,901,385	1,267,160
Non Operating Grants/Contributions - Non Cash	1,505,958	0
	<u>6,029,344</u>	<u>2,154,164</u>
By Program:		
Governance	127,106	0
General Purpose Funding	2,004,021	846,224
Law, Order, Public Safety	287,686	42,464
Health	18,308	14,000
Education and Welfare	15,263	0
Housing	0	0
Community Amenities	568,117	293,601
Recreation and Culture	336,719	18,297
Transport	1,890,463	398,074
Economic Services	758,638	541,504
Other Property and Services	23,023	0
	<u>6,029,344</u>	<u>2,154,164</u>

29. COUNCILLORS' REMUNERATION	2009	2009	2008
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	43,000	43,000	59,510
President's Allowance	4,000	4,000	4,000
Deputy President's Allowance	1,000	1,000	1,000
Travelling Expenses	1,491	5,870	4,227
Telecommunications Allowance	6,667	6,000	5,932
	<u>56,158</u>	<u>59,870</u>	<u>74,669</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.

Salary Range	2009	2008
\$		
100,000 - 109,999	0	1
110,000 - 119,999	1	0

31. EMPLOYEE NUMBERS	2009	2008
The number of full-time equivalent employees at balance date	<u>42</u>	<u>43</u>

32. MAJOR LAND TRANSACTIONS

The Shire of Waroona did not participate in any major land transactions during the 2008/09 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire of Waroona did not participate in any trading undertakings or major trading undertakings during the 2008/09 financial year.

SHIRE OF WAROONA
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 \$
Financial Assets				
Cash and cash equivalents	3,791,008	2,284,656	3,791,008	2,284,656
Receivables	<u>179,257</u>	<u>341,758</u>	<u>179,257</u>	<u>341,758</u>
	<u><u>3,970,265</u></u>	<u><u>2,626,414</u></u>	<u><u>3,970,265</u></u>	<u><u>2,626,414</u></u>
Financial Liabilities				
Payables	422,322	365,856	422,322	365,856
Borrowings	<u>479,764</u>	<u>485,603</u>	<u>479,764</u>	<u>485,603</u>
	<u><u>902,086</u></u>	<u><u>851,459</u></u>	<u><u>902,086</u></u>	<u><u>851,459</u></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.

SHIRE OF WAROONA
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.

	30-Jun-09	30-Jun-08
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	37,910	22,847
- Income Statement	37,910	22,847

Notes:

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

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

SHIRE OF WAROONA
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:

	30-Jun-09	30-Jun-08
Percentage of Rates and Annual Charges		
- Current	98.40%	99.36%
- Overdue	1.60%	0.64%
Percentage of Other Receivables		
- Current	55.49%	90.91%
- Overdue	44.51%	9.09%

SHIRE OF WAROONA
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.

2009

Payables
Borrowings

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	631,675	0	0	631,675	631,675
Borrowings	51,742	246,280	181,732	479,754	479,754
	<u>683,417</u>	<u>246,280</u>	<u>181,732</u>	<u>1,111,429</u>	<u>1,111,429</u>

2008

Payables
Borrowings

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	427,375	0	0	427,375	427,375
Borrowings	53,338	180,917	251,347	485,602	485,602
	<u>480,713</u>	<u>180,917</u>	<u>251,347</u>	<u>912,977</u>	<u>912,977</u>

SHIRE OF WAROONA
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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2009								
Borrowings								
Fixed Rate Debentures	51,741	55,142	47,919	51,106	54,506	219,340	479,754	6.55%
Weighted Average Effective Interest Rate	6.47%	6.47%	6.54%	6.54%	6.55%	6.59%		
Year Ended 30 June 2008								
Borrowings								
Fixed Rate Debentures	53,339	45,977	49,067	41,516	44,357	251,347	485,603	6.74%
Weighted Average Effective Interest Rate	6.85%	6.58%	6.66%	6.78%	6.78%	6.78%		

Resident Partners:
Clifton M. Anderson F.C.A.
Stephen F.J. Down C.A.
Shaun G. O'Callaghan C.A.
Peter Manolas C.P.A.
(Master of Taxation Law)
Stuart Fricker C.P.A.
Tim Partridge C.A.
Dean Rob C.A.

INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF WAROONA

Scope

The Financial Report and Council's Responsibility

The financial report comprises the income statement by nature or type, income statement by program, balance sheet, statement of changes in equity, cash flow statement, rate setting statement and accompanying notes to the financial statements for the Shire of Waroona for the year ended 30 June 2009.

Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended) and Accounting Standards. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the electors of the Shire of Waroona. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards so as to present a view which is consistent with our understanding of the Shire's financial position, the results of its operations, its changes in equity and its cashflows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



Audit Opinion

In our opinion, the financial report presents fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Waroona as at 30 June 2009, and the results of its operations, its changes in equity and its cash flows for the year then ended.

Other Matters

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) There are not other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE
Partner

Bunbury, Western Australia

4th November 2009