



Shire of Waroona



Annual Report 2009 - 2010



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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 involves 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.

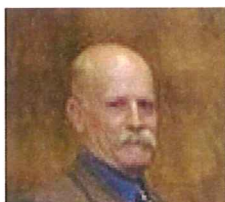
COUNCILLORS

1 July 2009 to 30 June 2010

<u>NAME</u>	<u>COMMENCEMENT</u>	<u>EXPIRY OF TERM</u>
Shire President - Cr Michael Walmsley	2002	2011
Deputy Shire President - Cr Larry Scott	2007	2013
Cr Noel Dew	1999	2013
Cr Christine Germain	1992	2013
Cr Trish Witney	2005	2013
Cr John Salerian	2007	2011
Cr Laurie Snell	2007	2011
Cr Craig Wright	2007	2011



Cr Mike Walmsley
Shire President



Cr Larry Scott
Deputy Shire President



Cr Trish Witney



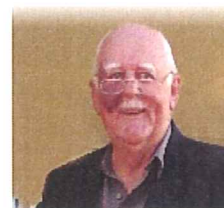
Cr Laurie Snell



Cr John Salerian



Cr Christine (Chris) Germain



Cr Noel Dew



Cr Craig Wright

ORDINARY/SPECIAL COUNCIL MEETING ATTENDANCE

2009/2010

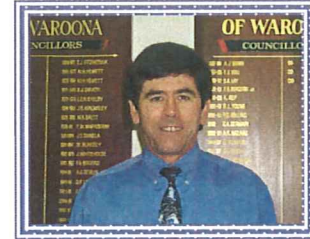
COUNCILLOR	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Cr Noel Dew	12	12
Cr Christine Germain	12	10
Cr Mike Walmsley	12	11
Cr Trish Witney	12	10
Cr John Salerian	12	12
Cr Laurie Snell	12	10
Cr Craig Wright	12	10
Cr Larry Scott	12	11

STAFF



Ian Curley Dip LG (C) MLGMA
Chief Executive Officer

Laurie Tilbrook
Deputy Chief Executive Officer/
Director Corporate Services



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

<u>NAME</u>	<u>POSITION</u>	<u>COMMENCEMENT DATE</u>
Mr Charlie Eatts	Works Supervisor	1983
Mr Colin Neilson	Plant Operator	1984 (Resigned Feb 2010)
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
Mrs Maree Ellis	Community Development Officer	1997
Mr Trevor Dearle	Plant Operator	1999
Ms Bronwyn Cooke	Pool Attendant	1999
Mr Craig Birch	Labourer	2001
Mr Matthew Turner	Coordinator Strategic Development	2003 (Resigned Feb 2010)
Mr Ian Curley	Chief Executive Officer	2004
Mrs Annette Mason	Administration Officer	2005
Mr Joe Dineley	Finance Officer	2005
Mr Steve Cleaver	Director Community & Planning Services	2005
Mr Trevor Pitcher	Environmental Health/Building Officer	2006
Mr Mark Corner	Parks & Gardens Co-ordinator	2007
Miss Kathy Simpson	Administration Officer	2007
Miss Rikki Bellairs	Customer Service Officer	2007
Mr Paul Webb	Director Technical Services	2008
Mr Jodie Newton	Ranger	2008 (Resigned Nov 2009)
Mr Rod Milne	Manager Planning Services	2008 (Resigned Feb 2010)
Mr Ron Thomas	Centre Manager – Recreation/Aquatic Centre	2008
Mr Damien Williams	Labourer	2008 (Resigned April 2010)
Mr Rhys Bloxsidge	Town Planner	2009
Mrs Nadine Aiberti	Executive Support Officer	2009
Ms Tamara Olsson	Manager Financial Services	2009
Mrs Felicitas Dhlwayo	Town Planner	2009 (Resigned April 2010)
Mr Edward Kewley	Labourer	2009 (Resigned April 2010)
Mr Martin Stirling	Labourer	2008 (Resigned Oct 2009)
Mr Vance Thompson	Labourer	2009
Mr Glenn Paddick	Duty Manager – Rec Centre	2009
Ms Bobbi Wetnall	Ranger	2009
Mr Ronald Holmes	Labourer	2010
Mr Mark Tamblyn	Mgr Environmental Health & Building Services	2010

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
Mrs Jean Johnston	Administration Assistant	2001
Mr Gino Chiera	Gardener	2001
Miss Nikki Colgan	Administration Officer	2002
Mrs Sarah Dineley	Pt Time Cleaner	2006
Ms Jennifer Kidman	Pt Time Cleaner – Rec Centre	2007
Mrs Sue Cicolari	Administration Officer/Executive Support Officer Relief	2008
Mr Ross Davidson	Town Planner	2008 (Retired Feb 2010)
Mrs Lissy Oliver	Library Assistant	2009
Ms Samantha Dunne	Visitor Centre Assistant	2010

PRESIDENT'S REPORT 2009 - 2010



It is with great pleasure that I present my first annual President's Report reflecting on many of the highlights of the past financial year.

I commence by thanking previous Shire President Cr Noel Dew for the 4 years of dedicated service he has given the community as Shire President, preceded by 2 years as Deputy President.

Noel diligently represented our Shire during this time, particularly at a regional level, rising to the position of Deputy Chair of the Western Australian Local Government Association Peel Zone.

Noel retired from the Presidency in 2009 and was then re-elected for a further 4 year term as Councillor.

During the past year growth within our Shire has been modest with a number of small subdivisions released to the property market. We hope to see a number of new houses in these developments in years to come. To coincide with the modest growth there has been no need to increase our staffing levels.

Whilst there remains a push for local Government amalgamations this Council responded to the Minister for Local Government's request to submit a report on the matter in October 2009 advising that it does not support amalgamation but remains committed to resource sharing within the region, and intends to formalise some of those arrangements in the next financial year.

Financial responsibility remains a strong focus of the Council with Councillors being well aware of the need for financial constraint in considering their annual budget. The Council remains well advised and supported by our financial staff led by the Deputy CEO Laurie Tilbrook.

Councillors and Staff

I would like to congratulate all Councillors for the dedication they have shown to their Council duties during the year. In particular, I would like to thank Deputy President, Cr Larry Scott, for his support and dedication throughout the year. Once again, each Councillor has demonstrated a willingness to work together in the best interests of the Shire. A special thanks to the families of Councillors who provide their support throughout the year.

Local Government provides a very challenging environment for Councillors and a degree of courage is needed to make some of the important decisions we are required to make.

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 that, together, we achieve our aim of providing excellence in governance to the communities we represent.

Strong leadership is vital in any organization and I would like to congratulate our CEO Ian Curley for his role in ensuring that this objective is continually met.

Community

Each year we witness the strong support from those special people in the community who continue to demonstrate their willingness to volunteer their time and effort in so many ways. The community should be justifiably proud of those persons who were honoured at the annual Volunteer's Breakfast and Emergency Services dinner last November.

During the year I had the pleasure of performing a number of Australian Citizenship ceremonies. Being able to welcome those in our community who have chosen to become Australian citizens is one of the privileges of the President's role.



Australia Day

Australia Day 2010 saw a large crowd attend the annual celebrations at Drakesbrook Place. Our thanks to the Lions Club who ably provided all present with a sumptuous breakfast complimented by excellent entertainment. It was a pleasure to present the Premiers Australia Day Active Citizenship Award to Peter Ward and the Premiers Australia Day Active Citizenship Awards for a Community Group to the Waroona Lions Club, as well as the many Meritorious Service Awards.

Business Initiatives

In March this year the Council hosted its first Business Sundowner. Representatives from local businesses were invited to come together for an evening to meet their local Councillors and Staff and representatives from the Peel Development Commission, Small Business Association and Peel Chamber of Commerce and local members of Parliament.

At the Sundowner I had pleasure in launching the Council's new Townscape Development Grants, a new grant scheme to assist the appearance of business premises in the town centre and industrial area. I am pleased that 4 grants in the town centre were subsequently approved and work on those projects is underway. A follow-up Business Sundowner is proposed for November this year.

Preston Beach and Lake Clifton

I would like to congratulate the Lake Clifton and Preston Beach Progress Associations for the work they do in providing service and leadership for their respective communities, and keeping the Council apprised of the needs for those areas.

The work they do is essential in order to have the concerns and aspirations of the electors in those areas represented appropriately.

Special Events

The community was, once again, treated to a host of events during the year, including – the Australia Day BBQ breakfast, Blessing of the Roads and Anzac Day celebrations, the Waroona Agriculture Show, British Auto Classic, All Australian Car Day, Waroona's Got Talent, Sea to Art Exhibition, Lake Clifton Art 6215 exhibition and the Preston Beach Progress Association's Octoberfest, which includes the Proclamation Day golf event, and the Business Sundowner.

A special mention must be made of the Dancing Daffodil Ball which is to host the 10th and final ball at the Waroona Recreation Centre in August 2010. The dedicated committee have done a tremendous job in raising money for the Cancer Council of WA, raising over \$130,000.

Congratulations also to "Quambie Park" who have invested heavily in the future needs of the community with the construction of 6 new independent living units and a new 12 room secure wing. The new "Grevillea" wing will help enormously with the increasing aged care needs in our community.

This facility is one of the greatest assets of the community and I have no doubt it will continue to be a stand-out aged care facility for years to come.

MIKE WALMSLEY SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

The 2009/2010 financial year has been a very busy year for the Shire. The budget set in August 2009 included setting a large road construction budget, detailed in the Technical Services section of this document, together with delivering the numerous projects Council had set with the \$841,000 Royalties for Regions allocation, including – *new town entry statements, upgrading of the Senior Citizens Centre, installing automatic doors at the Library and Recreation Centre and Preston Beach car park extension*. The Council was keen to see this funding spread around the communities to assist some smaller projects that may not have otherwise been able to be completed.

These projects keep our staff very busy throughout the year.

Our Staff

During the year we only had a few staff changes and retirements. Special thanks must go to Charlie Eatts, Works Supervisor and previously Manager Works & Services. Charlie commenced with the Shire at the Depot in 1983 and was a very valuable and popular member of staff. His knowledge of the shire is sorely missed and we wish Charlie all the best for the future. Colin Neilson, also from the depot who started in 1984, retired at the beginning of 2010.

Steve Cleaver took on the role of Director Community and Planning Services when Matt Turner left and Ross Davidson and Mark Tamblyn took on positions as Managers in Planning and Building, respectively.

We are very fortunate to have retained qualified and experienced staff. A stable workforce allows us to continue to develop local knowledge and direct our efforts towards delivering the projects set by the Council.

Financial Management and Control

Council's finances remain well protected with the 2009/10 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 2010 with all major works from the previous budget being completed.

Reserve Funds remain at an all time high at \$2.1m at 30 June, having increased from \$380,000 in 2004. This

amount will reduce during next year as funding for the Administration Centre extensions is required. The Reserve Fund amount demonstrates the capacity of the Shire to accumulate funds for future capital projects.

The outstanding Loan principal continues to reduce from \$780,000 in 2004 to \$428,000 at 30 June, of which \$76,000 represents self-supporting loans taken out by the Council on behalf of community groups. This is an excellent position to be in, enabling the Council to take up loans in the future if needed.

Some of the projects to come in 2010/2011

- Replacement of the solar core at the Recreation Centre.
- Construction of a new Fire Brigade shed at Preston Beach.
- Funding to create an undercover outdoor area at the Lake Clifton community centre.
- Re-opening and upgrade of recreation facilities at the Drakesbrook Weir
- Final stage of Fouracre Street reconstruction and new footpath paving.

Conclusion

A cornerstone for the success of the Shire is the excellent relationship that exists between the Councillors and Staff. This relationship enables a team approach to delivering quality services throughout the district and continuing to improve the lifestyle of those who live here.

I thank all the Councillors and Staff for their efforts during 2009/10 and look forward to continuing working together towards the future needs of our residents and ratepayers.

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 2009/2010 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.

Staff were pleased to report that the Council had achieved a very successful audit report for the year and congratulations should be extended to Manager Financial Services, Tamara Olsson and the entire finance team for their efforts.

2009/10 Rating

A general rate revenue increase of 4.85% applied for the 2009/10 financial year with rate revenue totalling \$2,619,845. Minimum rates for GRV properties were increased from \$600 to \$620 and the UV minimum also from \$600 to \$620.

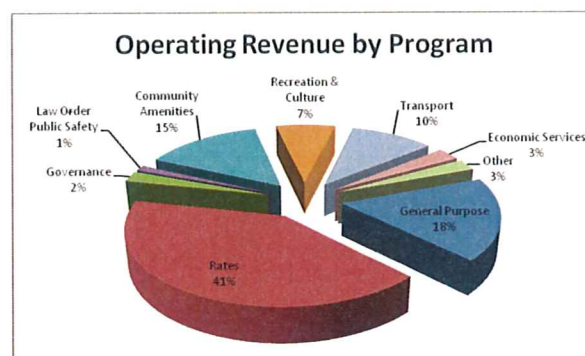
The 2009/10 financial year saw the introduction of over 170 new properties on to the Council's rating database. These properties provided additional income of \$114,910. A general GRV revaluation (held every 5 years) applied to the whole Shire.

Financial Performance

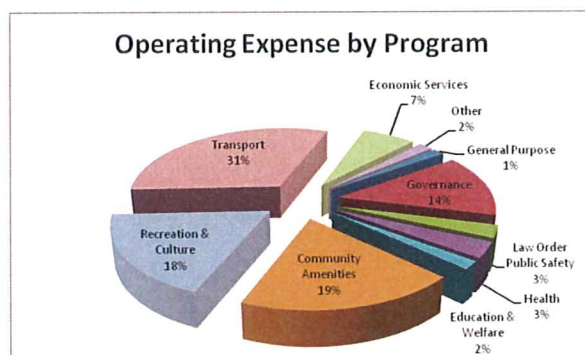
As reported above the Council's audit for 2009/10 has been reported by the Council's auditors as being highly successful. Debt levels continue to be kept to a minimum and an increase in the rating database has assured that a reasonable level of rating income can be expected in subsequent years.

The following graphs provide an overview of the Council's financial transactions for 2009/10.

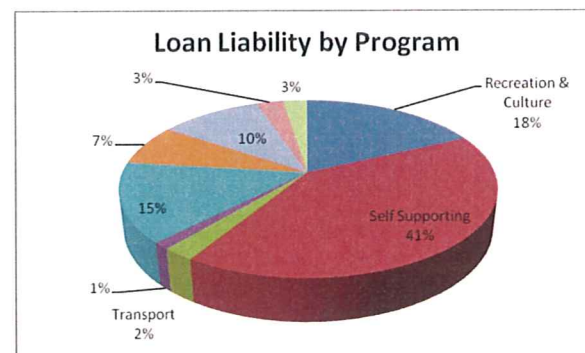
Revenue by Program



Expenses by Program



Loan Liability



A full copy of the Annual Financial Statements and Auditor's 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

In future the plan will be extended to incorporate a "Long Term Financial Plan" which will ultimately be linked to the Council's Community Strategic Plan.

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

Library

Library staff were pleased to welcome new staff member Lissy Oliver working 3 hours per day as Library Assistant.

This has enabled a review of opening hours including an extension to cover lunchtimes, which has been well received by patrons.

Opening hours are as follows:

Tuesday:	10am - 1pm & 2pm – 6pm
Wednesday:	10am - 1pm & 2pm – 5pm
Thursday:	10am – 1pm & 2pm – 6pm
Friday:	10am – 1pm & 2pm – 5pm
Saturday:	9am – 12 noon

A substantial change to Library services occurred in November with the installation of 2 computers in conjunction with the Federal Governments "Broadband for Seniors" project. Ongoing interest has developed amongst members using the computers including morning lessons and online banking etc.

Local stock continues to grow with funds provided by the Council together with donations. This stock (which

includes jigsaws & DVDs) is now at over 800 items. State Library stock is approx 5,200 items.

Staff are continuing Thursday morning Rhyme time for babies and toddlers which makes for a friendly and informal hour. We also have a knitting group who meet once a fortnight for a couple of hours to knit for charity. The occasional guest speaker is invited to talk to the ladies with representatives from St John's Ambulance, Flying Doctors and local aged care amongst others.

Book Club which is held every six weeks still holds a strong readership with new members joining occasionally.

Library readership fluctuates but holds steady with 6-10 new members each month. Our total membership for the end of 2009-10 financial year is 1896.

Local Government Elections

Biennial elections were held in October 2009 to fill four vacancies on a district wide basis.

At the close of nominations the Returning Officer, Mr Peter Reynolds had received four nominations therefore declaring the following Councillors re-elected without the need for a ballot. (Terms expiring 19th October 2013).

Cr Noel Dew
Cr Christine Germain
Cr Larry Scott
Cr Trish Witney

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.

During the year Samantha Dunne was appointed to the staff on a part time basis and has quickly adapted to the role of the centre providing valuable assistance to manager Tracy Goldsworthy.



Sea to Art Exhibition

Staff have been involved in a number of major events during the year including:

- All Australian Car Day
- 10th Anniversary of Bush Poles
- Hosted tatting demonstration & gift card display
- Sea to Art Exhibition
- British Auto Classic
- Numerous promotions & editorials

The financial year 2009/10 was very productive in terms of visitor numbers with an increase of 20%. This also reflected a substantial increase in general sales of 64%.

Resource Sharing Initiatives

During the year negotiations commenced with neighbouring Councils the Shire of Murray and Boddington with a view to providing joint services to each Council.

Although at an early stage it is envisaged that substantial efficiency improvements can be achieved by such an arrangement. Services under consideration for resource sharing include:

- Information Technology
- Human Resources

- Asset Management
- Local Law Reviews

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 2009/10 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 2009/10. The next full review of all local laws is set to commence in the latter half of 2010.

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 and is currently subject to review.

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
- Offsite storage procedures are being introduced on an ongoing basis with an internal progress review to be conducted in late 2010.

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 2009/10.

LAURIE TILBROOK
DEPUTY CHIEF EXECUTIVE OFFICER/
DIRECTOR OF CORPORATE SERVICES



COMMUNITY AND PLANNING SERVICES

Community And Planning Services

In January 2010 the Strategic Services Directorate and Community Services Directorate was merged to form the Community and Planning Services Directorate. This new directorate now has all the development approvals staff in one area providing a more cohesive and customer service focus. The Shire created the position of Manager Environmental Health and Building and welcomes Mr Mark Tamblyn to the Shire of Waroona. In 2009/2010 the Manager of Planning Services was Mr Ross Davidson.

Recreation Services is currently managed by Mr Ron Thomas who oversees the Shire's very popular Recreation and Aquatic Centre on Hill Street.

Environmental Health

The Shire's Environmental Health Services is responsible for the health of the community. It achieves this by monitoring and regulating food businesses, lodging houses and caravan parks, hairdressing establishments, swimming pools, mosquito borne diseases, standard of dwellings, liaison with Dept of Environment and Conservation, and attending to health related nuisance complaints such as noise and odour.

A new food business registration system has been implemented (SynergyHealth) in accordance with the new Food Act 2008. A total of 68 food businesses are currently registered within the Shire.

The Shire of Waroona is a member of the Peel Mosquito Management Group (PMMG) along with the Shires of Murray, Mandurah and Rockingham, and the Dept of Health. There were a total of 70 cases of Ross River Virus (RRV) in the Peel Region in the 2009/2010 season (UWA). The PMMG is actively involved in enhancing mosquito control, including use of aerial larvicide application.

A new five year waste removal contract was implemented in 2010. It is pleasing that Cleanaway has once again been awarded the contract to remove municipal refuse. The extent of the service area now offers a service up Scarp Road to cater for recent subdivisions

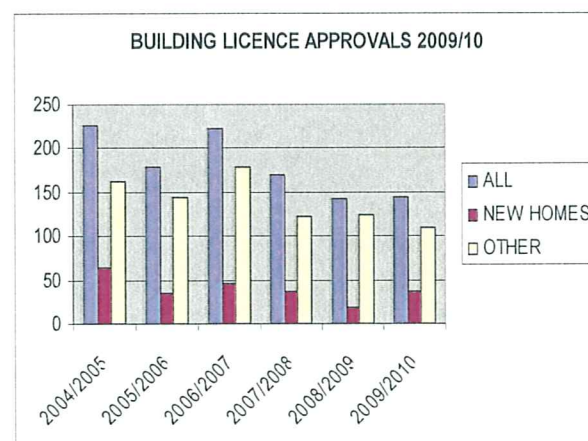
The Local Emergency Management Committee (LEMC), which is chaired by the Shire, conducted a simulated emergency activity. This activity allowed participants who would be involved in emergency response and recovery within Waroona, a chance to test current practices and policy, and ultimately improve these procedures. The participants included Shire of Waroona, Waroona Police, FESA, St Johns, Dept of Child protection, Pam Corker House, and Emergency Management WA. EMWA directed the activity, and used a computer generated simulator for a mock bushfire that swept through the township. The activity was a great success and much was learnt from all participants from the experience. The Shire is primarily involved in recovery. The LEMC will continue to improve current policy.

Building Services

The Shire's building assets maintenance plan is still on-going following a report that was conducted at the beginning of the year for minor repairs of the Shire's buildings. This included updating the Asbestos Register, which was audited this year.

The Shire's Building Services is responsible for approvals to all types of building applications, building advice, and compliance with the Building Code of Australia (BCA).

Overall building licence approval numbers are similar to last financial year, however there has been a strong surge in approvals for dwellings, with almost twice the number of house building licences approved this year compared to the previous year (36 vs 19) which is a good sign that growth in the housing sector is on the return. Many of these houses are being built as a result of townsite subdivisions over the last few years. (See building statistics below.)



Capital upgrades to Shire buildings include a heat pump HWS for the Recreation Centre and removing the asbestos roof from the Arts & Craft Centre and replacing it with colorbond. Work has also commenced on additions to the Shire office and chambers. This million dollar extension is being funded without the need to take out loan borrowings leaving the future generations with modern administration buildings with no borrowings. This is a great legacy to leave future Councils.

A large shed was also built at the Shire's refuse and recycling site at Buller Road. The Shed now houses the Shires wheel loader and landfill compactor as well as providing an area to store saleable items that divert waste from the landfill site.

In 2009/2010 the Shire has completed many of its tasks in improving access through its disability access and inclusion plan, this includes tactile paving and ramps in the main street and Fouracre Street upgrades.

Ranger Services

The Shire's Ranger Services is responsible for matters regarding;

- Dogs,
- Fire breaks,
- Litter,
- Off Road Vehicles,
- Preston Beach Foreshore,
- Live Stock, and
- Camping.

Ranger Services issued numerous infringements over the last year for litter, camping, dogs and fire-Breaks.

It is important that the rural community understand their responsibilities under the Bushfires Act 1954 with respect to fire-breaks on their property. Fire-breaks are a necessary step to help prevent the spread of bush-fires.

Dog ownership also demands a high level of responsibility, particularly when it affects other members of the community such as wandering dogs and consistent barking.

The Volunteer Rangers assist the Shire on a voluntary basis and use their own time to ensure the Preston Beach foreshore area is maintained by monitoring the speed limit, and ensuring people don't camp on the beach or drive in the dunes. The Shire has procured a Quadbike to assist in beach regulation. The Volunteers also assist in spreading rush over the sand dunes to support revegetation.

Recreation Services

The Shire's Recreation centre continues to provide first class recreation facilities and programs to the Waroona community with some 63000 persons utilising the facility in the financial year. Capital improvements include the replacement of hot water systems and the pool liner.

Continued upgrading of exercise equipment was undertaken in line with consultant's reports.

Planning Services

Introduction

Planning Services is responsible for guiding the development of the built environment and for the regulation of development and subdivision within the Shire.



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

Staff Changes

Rod Milne resigned from the position of Manager Planning Services and Ross Davidson returned to this role on 11 February 2010.

Felly Dhlwayo resigned from her Town Planner position and was replaced by Rhys Bloxsidge, who returned on 9 November 2009.

Nikki Colgan, who assisted with the administration in the Department, commenced maternity leave on 15 February 2010.

Matt Turner resigned from the Coordinator Strategic Services position, finishing on 12 February 2010.

Appeals

The appeal to the State Administrative Tribunal regarding a kennel proposal at Roberts Road, Hamel (refused by Council on 28 October 2008) continued this year.

The appellant applied to the State Administrative Tribunal in February 2009 for a review of the Shire's decision to refuse the application for planning approval. That application was heard in August 2009 and in May 2010 the Tribunal set aside the Shire's decision to refuse planning consent and granted conditional approval from the date of the orders (28 May 2010 and amended on 25 June 2010).

The appeal has been conducted with the assistance of McLeod's Solicitors and Andrew Pawluk (Planning Consultant), acting on Council's behalf.

It can also be noted that the single appeal dealt with translates to 1.3% of development applications dealt with by the Shire in the year, being appealed.

Waroona Town Centre Strategy

Works to complete the recommendations of the Waroona Town Centre Strategy continued in 2009-2010. Additional paving and landscaping works on the majority of the South Western Highway in the Town Centre were completed, also drainage works to Fouracre Street along with road surface upgrades and new footpaths and street lighting was also finalised.

Next financial year the remainder of Fouracre Street works will be completed. The Shire of Waroona appreciates the funding obtained through the Pinjarra to Brunswick Sustainability Fund through the Peel Development Commission for this important upgrade.

Preston Beach Townsite Strategy

The process to enable the preparation of a broad structure plan for Preston Beach has continued in 2009/2010.

Work on Demographic, Environmental, Hydrology and Traffic Studies to inform the draft structure plan have continued.

During the year, ownership of the proposed land to the North and South of the current Preston Beach townsite changed from the Mirvac and Satterley Groups to land owners represented as the Preston Beach Development Joint Venture partners.

The completion of the draft Strategy has been delayed as a result of the change in ownership, however new project managers and consultants have been appointed and the work on the project continues.

The Strategy Steering Committee, which comprises representatives from the Shire, community, State Government and the developers will continue to oversee the process on behalf of the Council. The last meeting was held on 21 September 2009, after which meetings were affected by the change in ownership.

Heritage

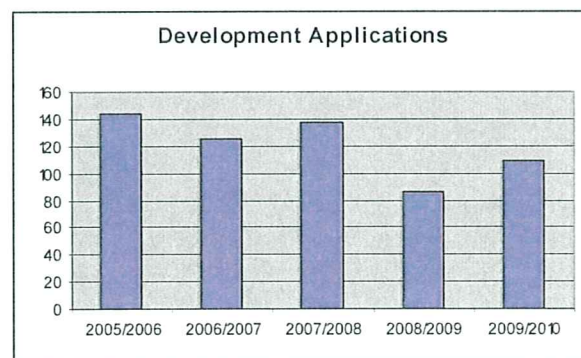
Meetings of the Heritage Committee continued through the year.

Continued Improvements

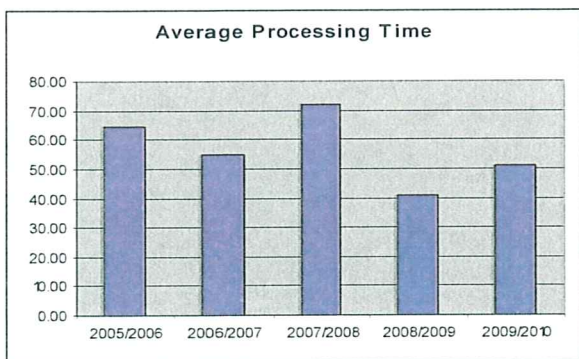
The Development Control Unit (DCU) continues to make the development control process more efficient and coordinates the development assessment function of technical departments. The Development Control Unit process is a weekly meeting of Planning, Building, Health, and Engineering officers who liaise regarding new and ongoing town planning applications and matters. It recognises the need to maintain strong coordination between departments within Council.

Pre-lodgement meetings, where applicants can obtain technical advice on the development application process, Shire Policies and development requirements, also continued through the year.

Development Applications



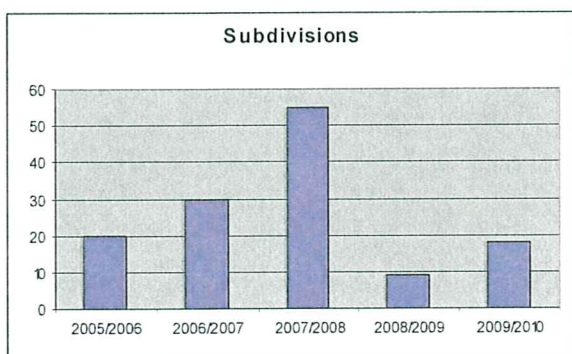
From the statistics for applications received for the year, it can be noted that there is some recovery from the effects of the Global Financial Crisis. Development applications received increased from 77 to 91 (18%) on the previous year.



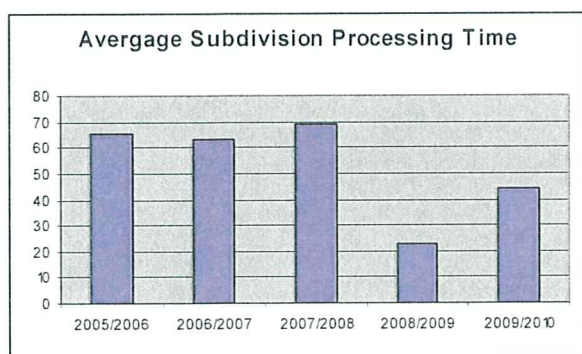
The average time to process a development application was 50.92 days. During the previous year the average processing time for a development application was 40.57 days. This translates to a 25% increase in Development Assessment processing times.

Notable applications dealt with during the year include two large industrial development applications on the South Western Highway.

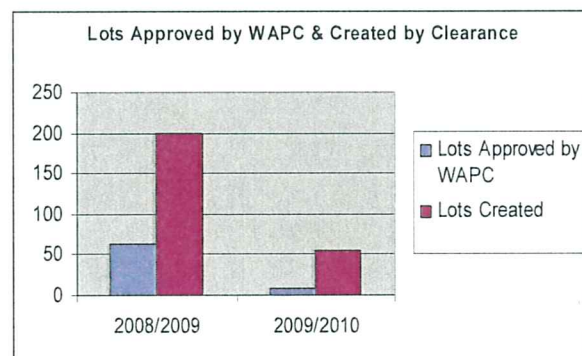
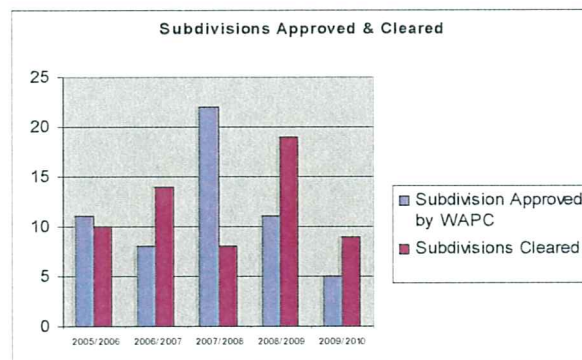
Subdivision Applications



Subdivision applications received increased from 9 to 18 (100%) on the previous year.

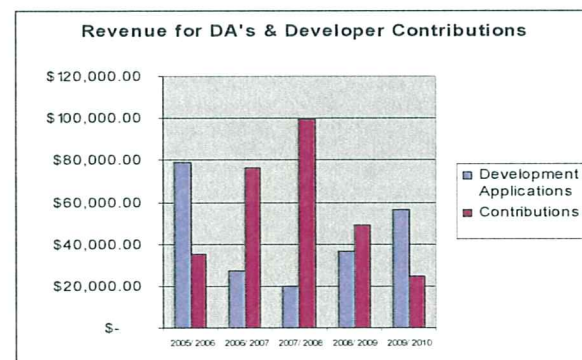


The average time to process a subdivision application was 44 days, compared to 23 days the previous year. This translates to an increase of 91% in processing time for subdivision applications.



During the year 9 lots were approved and 54 created after clearance of subdivision conditions. Lots created decreased from 199 lots (73) % on the previous year.

Revenue



Revenue received from Planning Applications increased from \$57,471 to \$64,485 (12%), while development contributions received decreased from \$48,793 to \$24,562 (50%).

Scheme Amendments

During 2009-2010 a number of Amendments to the Town Planning Scheme were initiated, advertised, processed and gazetted. The following table includes details of those Amendments:

Scheme Amendments Abandoned

Amendment Number	Particulars of affected property	Summary of Proposal	Associated Date
10	Lot 1 Wellington, Location 3167, Old Bunbury Road, Lake Clifton	Rezone from Rural 1 – General Farming to Rural 6 – Rural Residential	Abandoned 24 November 2009

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	Advertising closed 22 September 2009

Scheme Amendments Adopted by Council

Amendment Number	Particulars of affected property	Summary of Proposal	Associated Date
4	Lot 3 Pt Loc 2942, Southern Estuary Road, Lake Clifton	Rezoning from General Farming to Rural-Residential	Final Adoption by Council 22 June 2010
17	Lot 1 Southern Estuary Road, Lake Clifton	Rezone from Rural 1 – General Farming to Rural 6 – Rural Residential	Final Adoption by Council 22 June 2010

Scheme Amendments Gazetted

Amendment Number	Particulars of affected property	Summary of Proposal	Associated Date
12	N/A	Omnibus Amendment to address textual issues	30 April 2010
25	Lot 1 Weller	Rezoning	4 June 2010

	Road, Waroona WA 6215	from 'Rural 4 - Hills Face' to Rural 6 - Rural Residential'	
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'	18 June 2010
22	Various Broad Area re-coding	Reclassifying Residential Density Codings within the Waroona Townsite	30 March 2010
18	Lot 501 Southern Estuary Road, Lake Clifton WA 6215	Rezone from Rural 1 – General Farming to Rural 6 – Rural Residential	23 April 2010
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'	25 September 2009

Further Amendments and a review of Town Planning Scheme No.7 are anticipated in the coming year.

STEVE CLEAVER
DIRECTOR COMMUNITY AND
PLANNING SERVICES

COMMUNITY DEVELOPMENT

Shire of Waroona Community Development Grants

The Arts, Cultural & Community Services & Youth Development small grants were combined into one program and renamed Community Development Grants. Under this program, organisations from within the Shire of Waroona can apply for funds of up to \$800 towards projects. The grants round was well subscribed and successful recipients in 2009 were:

Waroona Community Centre/ Family Support:	\$498
Waroona Agricultural Society:	\$700
Waroona Historical Society:	\$660
Event Assist: Funds to run Event	\$400
Waroona Amateur Basketball Ass;	\$800
St Joseph's School:	\$800
Waroona District P & C, Pre Primary Sub Committee:	\$800
Total Funds Applied for	\$4658

Local Business Townscape Development Grants

The Shire of Waroona established a Townscape Development Fund to provide small amounts (individual amounts of up to \$3000) of discretionary funds to commercial business owners in the Waroona townsite for upgrades to their premises. This fund was designed to assist with projects that will enhance the aesthetics of the area and compliment the recent works in the town centre.

Grant funds were awarded to the following businesses;

Miles Hewett, Waroona Rural Services, 18 Southwest Highway	\$4,000
John Winsberg, Men's Hairdressing, 51 Southwest Highway	\$3,000
Clinton Atkinson, group of shops along Southwest highway; comprising part of lot 61.	\$4,000
Peter Pisconeri, Mainline Motors, 89-91 Southwest Highway	\$4,000

Business Sundowner

The Shire of Waroona held a Business Sundowner at the Waroona Memorial Hall with approximately 80 people attending. The evening provided an opportunity for local business people to meet with representatives from the Small Business Centre, Peel Development Commission, Regional Development Australia, Peel Chamber of Commerce, Department of Food and Agriculture, Harvey Water, Challenger Institute of Technology and Shire of Waroona councillors and staff. Political representatives Don Randall MP Member for Canning and Murray Cowper MLA Member for Murray Wellington also attended.



Business Sundowner 2009

Training

The Community Development Officer was successful in applying for and obtaining \$3,500 to undertake training in Community Engagement and Cultural Planning and other CANWA approved professional development and networking opportunities.

Summer Events

Alcoa picked up the Summer Events sponsorship of \$5,000 in 2010 with the Iluka funding finishing at the end of 2009. The Summer Events program consisted of a series of events which were programmed to run from October through to the end of April. Among the events were the Sea to ART exhibition at the Waroona Visitor Centre which attracted 95 pieces of work from 29 local artists and drew many visitors to the gallery. ART 6215 organised by the Lake Clifton - Herron Progress and Sporting Association and held at the Lake Clifton Community Hall had 124 pieces of work and 10 craft stalls which attracted 300 visitors throughout the day. Both events attracted great interest and showcased the wealth of talent and diversity to be found within the Shire and the Peel Region.

Other events included:

Rocktoberfest and Carols by Torchlight at Preston Beach, Movie under the Stars, 2 Youth events, Carols by Candlelight, the Streetlight tour and Australia Day Celebration.

Youth

A Youth Officer was appointed with funding received from the Wagerup Sustainability Fund (via the Waroona Community Centre) and Alcoa to run holiday programs and assist with other youth activities. Funds have also been obtained to develop a Shire of Waroona Youth Service Strategy Plan. Alcoa continue to support the Youth Officer appointment.

The Waroona Youth Advisory Council continues to organise youth events including Waroona's Got Talent 3, Movie under the Stars, Discos and Youth Week Activities.

Skate Park

Shire Staff and local parents have worked together to progress an upgrade to the Skate Park and an application was submitted to Lotterywest for funds to assist with the project.

Skate Park Mural Project: Shire CDO and Youth Officer, Waroona District High School, Waroona Police, local youth and local artists worked together on a project to complete a mural on the hit up wall at the skate park as part of the Anti Graffiti Grant program.



Skate Park Mural

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.

Meritorious Community Service Awards

May Whitehouse
Graeme & Judy Wyatt
James Hornby
John Whitehouse
Bert Spooner



Recipients of Australia Day Awards

The Premiers Australia Day Active Citizenship Award

Peter Ward

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

Lions Club of Waroona

Certificate of Appreciation

Waroona Youth Advisory Council

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.

Volunteer Thankyou

Volunteers in the Shire were invited to attend a Volunteer Thankyou Breakfast at Centennial Park in December which 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 Lions Club of Waroona and Pinjarra-Waroona YouthCARE assisted with the preparation and cooking of the delicious breakfast. The event was supported by the Shire of Waroona.

Hamel Eco-Historic Precinct

The Hamel Wetland Walk Trail is now open. Visitors to the Wetland can access the trail from Cornucopia St and parking is available at the entry to the trail or at the Hamel Hall. Trail markers are there to guide walkers along the 1.1km class 2 return trail with Interpretive Signage giving an insight into this special place. The Hamel Wetland supports more than 30 species of birds and 11 species of frogs as well as other wildlife. An interpretation shelter at the end of the trail provides a spectacular view of the bird life during nesting season.



Hamel Wetland Walk Trail

Historical information has also been installed at the Hamel Hall as part of the Interpretation element of the project. This signage gives the visitor a wonderful snapshot of the development of Hamel and its contribution to the development of the Shire and the State of Western Australia.



Hamel Historical Information

The project was supported the Department of Environment and Conservation, Greening Australia (Green Corps team), Alcoa, Lotterywest, Department for Regional Development, Department of Sport and Recreation, Peel Development Commission and Waroona Landcare Centre with support both financial and in-kind totalling in excess of \$90,000.

The Shire has now turned its attention to the old Hamel Nursery site which has sat neglected since the closure of the nursery. Officers are working with the Department of Environment and Conservation, Peel Development Commission and the National Trust to facilitate a new use for the site and protection of the heritage listed area. Local volunteers have visited the site holding a workshop and assisting Curtin University to conduct a tree survey.



Anti-Graffiti Trailer

Community Safety and Crime Prevention

Graffiti Hotspot Funds of \$20,000 received from the Office of Crime Prevention Graffiti Taskforce were used to purchase an anti graffiti trailer, additional lighting for the Cricket Club, lighting at the skate park and a CCTV camera. In addition a graffiti community education program was developed which included information in the form of a booklet and web page. The Community Development Officer and Youth Officer worked with the Waroona District High School to involve students in an anti graffiti mural project for the hit up wall at the skate park which was very successful and a great way to finish the overall program.



Planning

Several planning documents were facilitated during the year and these include;

A review of the Shire of Waroona Cultural Plan
The Harvey River Walk Trail Interpretation Plan
Hamel Wetland Environmental Management and Action Plan and a Spring Flora Survey for the Hamel Wetland.

Harvey River Walk Trail Interpretation Plan

The Shire of Waroona received funds of \$10,000 from Southern Gateway Alliance to develop an Interpretation Plan for the Forrest Highway Harvey River Interpretive Trail; Dorsett Rd Rest Area.

As part of the Forrest Highway development, a rest area has been developed on both sides of the intersection of Dorsett Road in the Shire of Waroona. In addition, provision has been made for a walking trail with interpretation (signage and other elements) to be placed at a number of points along the trail. River Care Officer Jane Townsend and the Harvey River Restoration Taskforce have been involved in the implementation of a number of initiatives in the vicinity of the Walk Trail and were keen to partner with the Shire of Waroona to assist with the development of the plan. A community reference group was formed to assist with the development of the plan. This plan will enable the Shire of Waroona to source further funding to place interpretation elements identified in the plan at the rest area and at a number of points along the trail promoting the historical, environmental and tourism elements in the area.



Harvey River Walk Trail near Forrest Highway Bridge

TECHNICAL SERVICES

The Technical Services section undertakes capital construction projects primarily in Drainage, Road and Footpath infrastructure. Major and minor maintenance is also progressed for road asset, parks and gardens and other hard assets.

The 2009 – 2010 program was significant in expected output, but was achieved on time, and with good quality outcomes.

Excluding annual maintenance, funding for the 2009/2010 construction program was distributed as follows -

Funding Distribution

Roads to Recovery

- Peel Road West (Reconstruct & Gravel) \$62,730
- Buller Road (Reconstruct and Gravel) \$81,803
- Logue Street (Reseal) \$8,140
- Hill Street intersection (Contribution) \$13,540

Blackspot Funding Program

The Shire applied for, and was successful in gaining funding for the following projects-

- Old Bunbury Road, State Funded Project. (Widen and Seal) \$133,333.
- Nanga Brook Road, Federal Funded Project. (Reconstruct and install advisory signs) \$170,000

Royalties for Regions

- Lyons Road (Reseal)
- Old Bunbury Road (Reseal)
- McNeill Road (Reseal)
- McClure Road (Reconstruct)
- Eastcott Street (Reseal)
- Palmerston Street (Reseal)
- Lake Clifton Carpark
- Preston Beach, extend lawn area
- Jackson Street footpath (50% funded)
- Palmerston Street (Reseal)
- Russell Drive (Reseal)

Regional Road Group

The Shire applied for, and was successful in gaining funding for the following projects-

- Coronation Road \$100,000

- Peppermint Grove Road (Widen and Seal) \$100,000

Own Funds

- Bath Street (Reseal)
- Dehamel Street (Reseal)
- Hill Street and Jackson Street Speed Mitigation
- Nanga Brook Road Advisory Signage
- Preston Beach Cul-de-sac Head (Panorama Drive)
- Nanga Brook Road Drainage

Other Funds

- Jackson Street Footpath (50% Funded), Country Pathways, \$42,000
- Coronation Road Bridge pre design and costing (Funded 2010/2011), Special Project Grants, \$33,000
- Hill Street Speed Cushions (2/3 funding) Main Roads, \$10,327
- Fouracre Nutrient Basin Design, Peel Harvey Catchment Council, \$16,000
- Fouracre Nutrient Basin Construction, Peel Harvey Catchment Council (deferred due to inability to secure matching funding), \$125,000.

Road Asset Valuation

Due to a lower rate of growth in the area for the past financial period, no roads were gifted to the Shire of Waroona. Only one subdivision was constructed in the last year by private means, but due to delays with servicing, it is not expected to be released to the Shire until the 2010/2011 period.

Unusually, there was a reduction in the overall Shire road asset. With the construction of the Peel Deviation (Forrest Highway) a significant portion of Old Bunbury Road and Doman Road have been physically removed as a result of them being in conflict with the alignment of the new highway. In the 2009/2010 Financial year the Shire's road asset was valued at \$87,912,145 Replacement value, and in the 2010/2010 Financial year, the Shire's road asset was valued at \$87,598,870 Replacement value, a reduction of \$322,275. This would equate to about 3km of road asset loss, which is appropriate.

Plant Replacement

The last financial period has seen the replacement of John Deere Backhoe Loader P64, with the new JCB unit P164. This unit has been involved in all drainage works undertaken since purchase. This unit is performing well and is becoming more effective as the operators gain confidence with the unit.

Works Program

The past program was completed successfully. In relation to maintenance of current asset, the urban reseal program for second coat seals should see practical completion in a few years. Much of the urban seal was over the 20 year life expectancy for two coat seal, which is in evidence most visibly by crocodile and longitudinal cracking. It is important to get coverage on the seal as quickly as possible to extend the life of the existing urban network surface.

The Rural network is behind in reseal, and funds will need to be redirected into this area on completion of town coverage. Higher volume/priority roads like Coronation and Somers will need to be monitored to ensure correction works are performed prior to failure.

The urban capital program has started well with the first stage of Fouracre Street completed, inclusive of drainage and paving. Proportionate to population and capacity, this was a significant project for the Shire and lays good foundation for the extension of this project into the following stages.

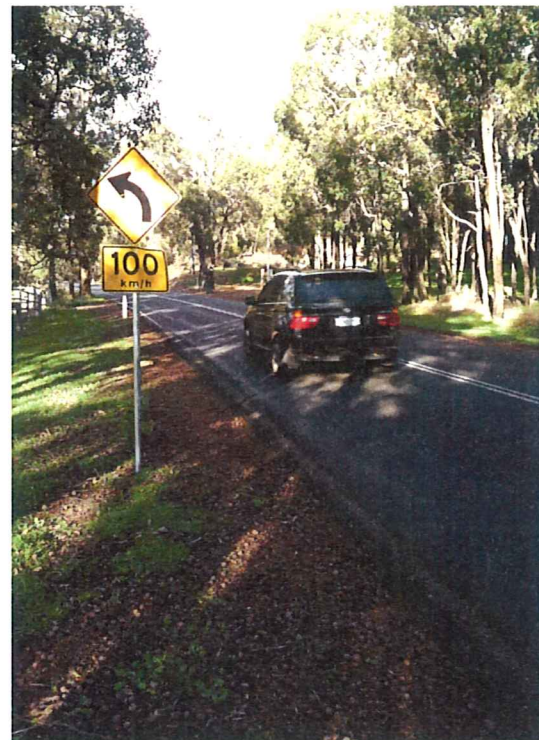
Safety

Gathered data indicates that the Shire's road network has some significant problems relating to driver behaviour. The community initiated and supported the preliminary installation of a control device at the intersection of Hill Street and Jackson Street, and Council has supported an ongoing program of consideration of problem areas. Collected data indicates that the installed devices have had a positive effect in moderate correction of errant behaviour. Local Police have indicated that provision of data indicating problem sites will assist them in targeting inappropriate driving.



Hill Street Speed Cushions

In relation to Rural networks, the first component of the 5 year signage program for rural roads has been completed, with advisory signage for Nanga Brook Road being installed.



Nanga Brook Road Advisory Signage

Drainage

The first component of an ongoing long term program of improvement has been initiated with installation and upgrade of drainage on the Fouracre Street road and reserve area. Increase of output capacity has been provided, with ability to output primary nutrient loads into the Fouracre reserve area, and carrying of base loads relieving pressure on the main line passing under the rail line.

Some other emergency works have been conducted as a result to the natural disaster that occurred, causing some flooding within built up areas.

Several years of negotiation has also seen the clearing of a Water Corporation Drain on McNeill Road, just north of the Coronation Road intersection. This drain carries water from the depot, down McDowell Street to South Western Highway, and exits the pipe system at the Shires Tourist Information Centre. The drain had previously been totally overgrown and caused back charge in the pipe system.

Rural Reconstruction

Peel Road West

Initiation of project, included lifting of road base above natural surface, installation of table drains, and construction of road from limestone and gravel blend.

Buller Road

Ongoing project. Continue resheet of failed surface, providing an increased depth of base for longevity of surface, lifting above natural surface in lower areas and construction from blended material to offer better year round performance for maintenance application.

McClure Road

Initiation of project to reconstruct the failed road. Lift above natural surface to keep base clear of ground water, install table drains to assist in outflow of surface water, remove vegetation from old table drains.

Nanga Brook Road

Reconstruction of section of Nanga Brook Road. This was a Blackspot funded project that required the reconstruction of the road surface from 6.0km to 7.0km.



Nanga Brook Road Blackspot Project

Parks And Gardens

Main Ovals

The pumps supplying water for the main town oval and top ovals had reached their end of life during this period, experiencing total failure at end of season. The pumps are to be replaced in the new financial period, and I look forward to improvement in turf surface over the coming years as management of the grounds starts to take effect.

Verge Mowing

We continue to focus on maintaining verges in the Waroona Townsite.

Preston Beach

The Parks and Gardens crew attend Preston Beach once a fortnight, at optimum staffing levels.

Hamel

The Parks and Gardens crew attend Hamel townsite once a fortnight, at optimum staffing levels.

Contract areas

The main street gardens, Shire Office, Community Centre, Tourist Information Centre, Cemetery and Recreation Centre gardens are currently maintained by a contractor. This has simplified the management of the maintenance areas for the financial period.

Staff turnover for the 2009/2010 Period

The 2009 - 2010 financial period saw the changeover of two operational staff, and extended sick leave for one member of the operations department.

Mr Colin Neilson started employment with the Shire of Waroona 29 March 1985 and retired from service 23 February 2010. Mr Neilson was employed as a Plant Operator with the Shire for this period. The position has been retained for the vacancy of Final Trim Operator/Labourer, but has not been filled at this time.

Mr Damien Williams started employment with the Shire of Waroona 09 January 2008 and resigned from the Shire of Waroona 07 April 2010. Mr Williams was employed in an Operator/Labourer role and was replaced by Mr Ron Holmes on 12 April 2010.

Mr Martin Stirling started employment with the Shire of Waroona 26 November 2008 and resigned from his position 23 October 2009. Mr Stirling was employed as an Operator/Laboured. Mr Stirling was replaced by Mr Vance Thompson 26 October 2009.

Overall, staff turnover during this period was manageable, enabling constant provision of service and delivery of the entire works program in the 2009 to 2010 period.

Conclusion

The last program was significant and varied and also included the introduction of significant other projects with the Royalties for Regions Scheme. Whilst this put pressure on ability to deliver the entire program, it did provide substantial benefits to the community with the provision of assets, and extended the operational department and increased skills. The challenges in undertaking new works was taken on board by the operational crew, and saw successful completion of the program, whilst still delivering on maintenance of the overall network.

Employment of skilled employees will be a problem into the future. The Institute of Engineers Australia and Institute of Public Works Engineers Australia recognised this issue about a decade ago, and have been working on solutions to try and fill the gap. Ultimately, the overall solution to the problem would appear to be taking on trainees, and/or training up younger staff. Whilst individual operational crew mostly move on to higher paying jobs in the private sector, certified on the job training will increase the pool of skilled persons in the work force ultimately reducing the problem over time.

I extend my thanks to all past and present operational staff for the tasks that they undertake on a daily basis and their ability to deliver a service to our ratepayers. The operational crew continue to work under high levels of expected output, changes in the workplace and varying staffing numbers.

PAUL WEBB
DIRECTOR TECHNICAL SERVICES

SHIRE OF WAROONA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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SHIRE OF WAROONA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Waroona being the annual financial report and other information for the financial year ended 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the Shire of Waroona at 30th June 2010 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 19th day of October 2010.


Ian Curley
Chief Executive Officer

SHIRE OF WAROONA
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	2,619,845	2,596,404	2,369,292
Operating Grants, Subsidies and Contributions	28	1,550,363	1,882,277	2,622,001
Fees and Charges	27	1,047,824	1,041,039	1,196,610
Service Charges	24	0	0	0
Interest Earnings	2(a)	171,213	127,600	161,820
Other Revenue		<u>97,804</u>	<u>93,700</u>	<u>102,627</u>
		5,487,049	5,741,020	6,452,350
EXPENSES				
Employee Costs		(2,478,405)	(2,549,226)	(2,532,334)
Materials and Contracts		(1,504,344)	(1,608,887)	(1,465,276)
Utility Charges		(317,783)	(278,127)	(263,363)
Depreciation on Non-Current Assets	2(a)	(1,874,062)	(959,922)	(923,618)
Interest Expenses	2(a)	(30,716)	(29,987)	(31,446)
Insurance Expenses		(159,255)	(168,135)	(151,532)
Other Expenditure		<u>(169,145)</u>	<u>(107,685)</u>	<u>(145,330)</u>
		(6,533,710)	(5,701,969)	(5,512,899)
		(1,046,661)	39,051	939,451
Non-Operating Grants, Subsidies and Contributions				
	28	895,063	1,598,691	1,505,958
Non Cash Contributions		0	0	1,505,958
Profit on Asset Disposals	20	30,000	43,989	62,004
Loss on Asset Disposal	20	<u>(46,064)</u>	<u>(45,882)</u>	<u>(83,843)</u>
NET RESULT		(167,662)	1,635,849	3,929,528
Other Comprehensive Income				
Changes on revaluation of non-current assets		5,992,197	0	27,143,695
Total Other Comprehensive Income		5,992,197	0	27,143,695
TOTAL COMPREHENSIVE INCOME		<u>5,824,535</u>	<u>1,635,849</u>	<u>31,073,223</u>

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

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

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		149,048	892,580	150,357
General Purpose Funding		3,779,297	3,205,700	4,541,531
Law, Order, Public Safety		81,431	46,940	303,767
Health		24,574	21,750	108,017
Education and Welfare		50,768	9,460	15,363
Housing		13,520	13,620	8,959
Community Amenities		927,200	878,920	1,221,726
Recreation and Culture		476,907	430,833	631,785
Transport		659,684	1,710,685	2,032,380
Economic Services		179,278	145,408	808,252
Other Property and Services		70,405	39,130	82,501
	2 (a)	<u>6,412,112</u>	<u>7,395,026</u>	<u>9,904,638</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(898,245)	(822,646)	(751,121)
General Purpose Funding		(94,699)	(298,035)	(137,323)
Law, Order, Public Safety		(178,913)	(145,483)	(151,478)
Health		(224,662)	(235,728)	(246,315)
Education and Welfare		(115,842)	(130,845)	(143,680)
Housing		(20,320)	(21,365)	(47,907)
Community Amenities		(1,259,962)	(1,189,768)	(1,419,011)
Recreation & Culture		(1,193,087)	(1,162,491)	(1,055,326)
Transport		(2,043,316)	(1,243,682)	(1,124,704)
Economic Services		(426,459)	(460,582)	(387,468)
Other Property and Services		(93,671)	(18,565)	(100,962)
	2 (a)	<u>(6,549,176)</u>	<u>(5,729,190)</u>	<u>(5,565,295)</u>
FINANCE COSTS				
Community Amenities		0	0	(629)
Recreation & Culture		(25,501)	(25,198)	(24,598)
Transport		(5,097)	(4,789)	(6,218)
	2 (a)	<u>(30,598)</u>	<u>(29,987)</u>	<u>(31,445)</u>
NET RESULT		<u>(167,662)</u>	<u>1,635,849</u>	<u>4,307,898</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets		<u>5,992,197</u>	<u>0</u>	<u>27,143,695</u>
Total Other Comprehensive Income		<u>5,992,197</u>	<u>0</u>	<u>27,143,695</u>
TOTAL COMPREHENSIVE INCOME		<u><u>5,824,535</u></u>	<u><u>1,635,849</u></u>	<u><u>31,451,593</u></u>

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

SHIRE OF WAROONA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,749,382	3,791,078
Trade and Other Receivables	4	225,637	179,257
Inventories	5	10,355	12,127
TOTAL CURRENT ASSETS		2,985,374	3,982,462
NON-CURRENT ASSETS			
Other Receivables	4	81,778	84,677
Inventories	5	0	0
Property, Plant and Equipment	6	25,209,269	21,505,543
Infrastructure	7	65,837,007	62,829,085
TOTAL NON-CURRENT ASSETS		91,128,054	84,419,305
TOTAL ASSETS		94,113,428	88,401,767
CURRENT LIABILITIES			
Trade and Other Payables	8	489,365	631,645
Long Term Borrowings	9	55,142	51,742
Provisions	10	551,425	475,410
TOTAL CURRENT LIABILITIES		1,095,932	1,158,797
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	372,880	428,022
Provisions	10	19,908	14,746
TOTAL NON-CURRENT LIABILITIES		392,788	442,768
TOTAL LIABILITIES		1,488,720	1,601,565
NET ASSETS		92,624,708	86,800,202
EQUITY			
Retained Surplus		14,554,676	14,598,296
Reserves - Cash Backed	11	2,112,784	2,236,826
Reserves - Asset Revaluation	12	75,957,248	69,965,051
TOTAL EQUITY		92,624,708	86,800,173

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 2010

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008		10,475,986	2,051,238	42,821,356	55,348,580
Changes in Accounting Policy		0	0	0	0
Correction of Errors		0	0	0	0
Restated Balance		10,475,986	2,051,238	42,821,356	55,348,580
Net Result		4,307,898	0	0	4,307,898
Total Other Comprehensive Income		0	0	27,143,695	27,143,695
Reserve Transfers		(185,588)	185,588	0	0
Balance as at 30 June 2009		14,598,296	2,236,826	69,965,051	86,800,173
Net Result		(167,662)	0	0	(167,662)
Total Other Comprehensive Income		0	0	5,992,197	5,992,197
Reserve Transfers		124,042	(124,042)	0	0
Balance as at 30 June 2010		14,554,676	2,112,784	75,957,248	92,624,708

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

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

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,605,477	2,585,404	2,343,385
Operating Grants, Subsidies and Contributions		1,550,363	1,882,277	2,622,001
Fees and Charges		1,019,594	1,025,454	1,343,071
Service Charges		0	0	0
Interest Earnings		171,213	119,000	144,763
Goods and Services Tax		125,000	125,700	100,437
Other Revenue		97,804	93,700	102,627
		<u>5,569,451</u>	<u>5,831,535</u>	<u>6,656,284</u>
Payments				
Employee Costs		(2,471,323)	(2,515,293)	(2,525,025)
Materials and Contracts		(1,569,527)	(1,854,435)	(1,278,024)
Utility Charges		(317,783)	(278,127)	(263,363)
Insurance Expenses		(159,255)	(168,135)	(151,532)
Interest Expenses		(31,943)	(29,987)	(31,053)
Goods and Services Tax		(125,000)	(125,700)	(44,377)
Other Expenditure		(169,145)	(107,685)	(145,330)
		<u>(4,843,976)</u>	<u>(5,079,362)</u>	<u>(4,438,704)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>725,475</u>	<u>752,173</u>	<u>2,217,580</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(1,151,410)	(1,875,490)	(688,255)
Payments for Construction of Infrastructure		(1,657,940)	(2,929,056)	(2,153,290)
Advances to Community Groups		(15,000)	0	(57,500)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		895,036	1,598,691	1,901,385
Proceeds from Sale of Plant & Equipment		199,771	223,000	286,432
Proceeds from Sale of Investments		0	0	0
Net Cash Provided By (Used In) Investing Activities		<u>(1,729,543)</u>	<u>(2,982,855)</u>	<u>(711,228)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(51,742)	(51,742)	(53,339)
Proceeds from Self Supporting Loans		12,114	14,119	5,909
Proceeds from Low Interest Loans		2,000	0	0
Proceeds from New Debentures		0	0	47,500
Net Cash Provided By (Used In) Financing Activities		<u>(37,628)</u>	<u>(37,623)</u>	<u>70</u>
Net Increase (Decrease) in Cash Held		<u>(1,041,696)</u>	<u>(2,268,305)</u>	<u>1,506,422</u>
Cash at Beginning of Year		3,791,078	3,791,008	2,284,656
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>2,749,382</u></u>	<u><u>1,522,703</u></u>	<u><u>3,791,078</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 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		149,049	138,600
General Purpose Funding		1,159,452	1,363,276
Law, Order, Public Safety		81,431	46,940
Health		24,574	21,750
Education and Welfare		50,768	9,460
Housing		13,520	13,620
Community Amenities		927,200	878,920
Recreation and Culture		476,907	430,833
Transport		659,684	1,703,367
Economic Services		179,278	141,400
Other Property and Services		70,405	39,130
		<u>3,792,268</u>	<u>4,787,296</u>
EXPENSES			
Governance		(898,243)	(822,646)
General Purpose Funding		(94,699)	(298,035)
Law, Order, Public Safety		(178,913)	(145,483)
Health		(224,662)	(235,728)
Education and Welfare		(115,842)	(130,845)
Housing		(20,320)	(21,365)
Community Amenities		(1,259,963)	(1,189,768)
Recreation & Culture		(1,218,589)	(1,187,689)
Transport		(2,048,413)	(1,241,153)
Economic Services		(426,460)	(456,574)
Other Property and Services		(93,671)	(18,565)
		<u>(6,579,775)</u>	<u>(5,747,851)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		16,064	1,893
Movement in Employee Benefit Provisions		81,149	33,933
Depreciation and Amortisation on Assets		1,874,062	959,922
Capital Expenditure and Revenue			
Purchase Land and Buildings		(528,607)	(1,261,200)
Purchase Infrastructure Assets - Roads		(792,190)	(1,069,015)
Purchase Infrastructure Assets - Other		(865,749)	(1,860,042)
Purchase Plant and Equipment		(596,131)	(25,840)
Purchase Furniture and Equipment		(26,672)	(588,450)
Advances to Community		(15,000)	0
Proceeds from Disposal of Assets		199,772	223,000
Repayment of Debentures		(51,742)	(51,742)
Low Interest Loan Principal Income		2,000	0
Self-Supporting Loan Principal Income		12,114	14,114
Transfers to Reserves (Restricted Assets)		(337,464)	(217,400)
Transfers from Reserves (Restricted Assets)		461,506	1,105,130
Unspent Grants July 1 B/Fwd		528,147	0
Unspent Grants June 30 C/Fwd		(108,000)	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		571,701	1,099,848
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		257,298	0
Amount Required to be Raised from Rates	22	<u><u>(2,619,845)</u></u>	<u><u>(2,596,404)</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 2010

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts. Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses. Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(g) Fixed Assets

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits. Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at balance date.

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government. Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset. In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

Buildings	50 years
Furniture 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 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 'Impairment of Assets' and appropriate adjustments made. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Interest-bearing Loans and Borrowings (Cont.)

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.

(o) Provisions

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

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

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(q) Joint Venture

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

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi) AASB 2009- 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

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

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

AASB 101: Presentation of Financial Statements

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

Disclosure Impact

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

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

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

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

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

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

2. REVENUE AND EXPENSES

2010
\$

2009
\$

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Significant Expense

General Purpose Funding

0

0

This significant expense relates to

Amortisation

Capitalised Leased Assets

Auditors Remuneration

- Audit

9,700

9,170

- Other Services

940

1,900

Depreciation

Buildings

133,982

135,649

Furniture and Equipment

47,613

31,572

Plant and Equipment

186,534

101,866

Roads

1,308,472

507,115

Other Infrastructure

197,461

147,416

1,874,062

923,618

Interest Expenses (Finance Costs)

Finance Lease Charges

0

0

Debentures (*refer Note 21(a)*)

30,716

31,446

30,716

31,446

Rental Charges

- Operating Leases

0

0

(ii) Crediting as Revenue:

2010
\$

2010
Budget
\$

2009
\$

Interest Earnings

Investments

109,824

77,000

110,905

- Reserve Funds

39,841

42,000

33,858

- Other Funds

21,548

8,600

17,057

Other Interest Revenue (*refer note 26*)

171,213

127,600

161,820

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

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 2010

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Function/ Activity	Opening		2008/09		2008/09		Closing		2009/10		Closing	
		Balance (*)	\$	Received (+)	\$	Expended (#)	\$	Balance (*)	\$	Received (+)	\$	Balance	\$
		1-Jul-08		2008/09		2008/09		30-Jun-09		2009/10		30-Jun-10	
	Grant/Contribution												
	Royalties For Regions 2008/09	0		491,995		0		491,995		0		80,000	
	RLCIP 2008/09	0		16,157		0		16,157		0		0	
	Office of Crime Prevention	0		19,995		0		19,995		0		0	
	Royalties for Regions Capital Fwd Works Plan	0		0		0		0		28,000		28,000	
	Total	0		528,147		0		528,147		28,000		108,000	

Notes:

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

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

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

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

	2010 \$	2009 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	548,599	1,026,105
Restricted	<u>2,220,783</u>	<u>2,764,973</u>
	<u><u>2,749,382</u></u>	<u><u>3,791,078</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Sporting Reserve	57,871	57,654
Building Asset Maintenance Reserve	43,605	41,630
Drakesbrook Weir Development Reserve	203,136	193,934
Rec Centre Building Maintenance Reserve	79,555	75,951
Emergency Reserve	13,000	12,412
Industrial Land Reserve	170,994	163,248
Information Technology Reserve	20,012	19,105
Plant Reserve	502,960	403,801
Long Service Leave Reserve	79,453	75,854
Town Centre Development Reserve	8,041	7,677
Waste Management Reserve	162,717	236,496
Admin Centre Reserve	639,915	857,034
Hamel Hall Amenities Reserve	57,036	54,459
Preston Volunteer Rangers Reserve	27,323	16,410
Footpath Construction Reserve	22,165	21,161
Works Depot Redevelopment	25,000	0
Unspent Grants	<u>108,000</u>	<u>528,147</u>
	<u><u>2,220,783</u></u>	<u><u>2,764,973</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	63,356	48,989
Sundry Debtors	136,790	116,154
GST Receivable	0	0
Accrued Income	7,594	0
Loans - Self Supporting	12,897	12,114
Loans - Low Interest	<u>5,000</u>	<u>2,000</u>
	<u><u>225,637</u></u>	<u><u>179,257</u></u>
Non-Current		
Rates Outstanding - Pensioners	0	0
Loans - Self Supporting	63,778	76,677
Loans - Low Interest	<u>18,000</u>	<u>8,000</u>
	<u><u>81,778</u></u>	<u><u>84,677</u></u>
5. INVENTORIES		
Current		
Fuel and Materials	4,689	8,603
Kiosk	<u>5,666</u>	<u>3,524</u>
	<u><u>10,355</u></u>	<u><u>12,127</u></u>

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

	2010 \$	2009 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Valuation AVP	12,409,300	13,930,000
Buildings - Valuation AVP	11,443,932	7,675,346
Less Accumulated Depreciation	<u>0</u>	<u>(1,283,021)</u>
	23,853,232	20,322,325
 Furniture and Equipment - Cost	 418,709	 829,182
Less Accumulated Depreciation	<u>(246,397)</u>	<u>(635,929)</u>
	172,312	193,253
 Plant and Equipment - Cost	 2,482,814	 2,178,760
Less Accumulated Depreciation	<u>(1,302,430)</u>	<u>(1,192,136)</u>
	1,180,384	986,624
 Tools - Cost	 3,454	 3,454
Less Accumulated Depreciation	<u>(113)</u>	<u>(113)</u>
	3,341	3,341
	<u>25,209,269</u>	<u>21,505,543</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Buildings \$	Land \$	Furniture & Equipment \$	Plant & Equipment \$	Tools \$	Total \$
Balance as at 1 July 2009	6,392,325	13,930,000	193,253	986,624	3,341	21,505,543
Additions	528,607	0	26,672	596,131	0	1,151,410
(Disposals)	0	0	0	(215,836)	0	(215,836)
Revaluation - Increments - (Decrements)	4,656,982 0	0 (1,520,700)	0 0	0 0	0 0	4,656,982 (1,520,700)
Impairment - (losses) - reversals	0 0	0 0	0 0	0 0	0 0	0 0
Depreciation (Expense)	(133,982)	0	(47,613)	(186,535)	0	(368,130)
Other Movements	0	0	0	0	0	0
Balance as at 30 June 2010	<u>11,443,932</u>	<u>12,409,300</u>	<u>172,312</u>	<u>1,180,384</u>	<u>3,341</u>	<u>25,209,269</u>

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

	2010 \$	2009 \$
7. INFRASTRUCTURE		
Roads - Management Valuation	87,598,870	87,921,145
Less Accumulated Depreciation	<u>(31,879,661)</u>	<u>(32,089,825)</u>
	55,719,209	55,831,320
 Infrastructure - Valuation AVP	 10,117,798	 8,109,413
Less Accumulated Depreciation	<u>0</u>	<u>(1,111,648)</u>
	10,117,798	6,997,765
	 <u><u>65,837,007</u></u>	 <u><u>62,829,085</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 2010

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Other Infrastructure \$	Total \$
Balance as at 1 July 2009	55,831,320	6,997,765	62,829,085
Additions	792,190	865,749	1,657,939
(Disposals)	0	0	0
Revaluation - Increments - (Decrements)	404,171 0	2,451,744 0	2,855,915 0
Impairment - (losses) - reversals	0 0	0 0	0 0
Depreciation (Expense)	(1,308,472)	(197,461)	(1,505,933)
Other Movements	0		0
Balance as at 30 June 2010	<u>55,719,209</u>	<u>10,117,797</u>	<u>65,837,006</u>

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

	2010 \$	2009 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	471,138	422,292
Accrued Interest on Debentures	4,589	5,198
GST Income	(1,227)	0
Accrued Expense - Materials/Contracts	14,865	130,088
Accrued Salaries and Wages	0	74,067
	<u>489,365</u>	<u>631,645</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	<u>55,142</u>	<u>51,742</u>
	<u>55,142</u>	<u>51,742</u>
Non-Current		
Secured by Floating Charge		
Debentures	<u>372,880</u>	<u>428,022</u>
	<u>372,880</u>	<u>428,022</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	241,342	217,953
Provision for Long Service Leave	<u>310,083</u>	<u>257,457</u>
	<u>551,425</u>	<u>475,410</u>
Non-Current		
Provision for Long Service Leave	<u>19,908</u>	<u>14,746</u>
	<u>19,908</u>	<u>14,746</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Sporting Reserve			
Opening Balance	57,655	57,655	59,543
Amount Set Aside / Transfer to Reserve	15,216	2,400	8,112
Amount Used / Transfer from Reserve	(15,000)	0	(10,000)
	<u>57,871</u>	<u>60,055</u>	<u>57,655</u>
(b) Building Asset Maintenance			
Opening Balance	41,630	41,630	39,335
Amount Set Aside / Transfer to Reserve	1,975	0	2,295
Amount Used / Transfer from Reserve	0	(41,630)	0
	<u>43,605</u>	<u>0</u>	<u>41,630</u>
(c) Drakesbrook Weir Development			
Opening Balance	193,934	193,934	183,243
Amount Set Aside / Transfer to Reserve	9,202	0	10,691
Amount Used / Transfer from Reserve	0	0	0
	<u>203,136</u>	<u>193,934</u>	<u>193,934</u>
(d) Rec Centre Building Reserve			
Opening Balance	75,951	75,951	95,386
Amount Set Aside / Transfer to Reserve	3,604	0	5,565
Amount Used / Transfer from Reserve	0	0	(25,000)
	<u>79,555</u>	<u>75,951</u>	<u>75,951</u>
(e) Emergency Reserve			
Opening Balance	12,411	12,411	11,727
Amount Set Aside / Transfer to Reserve	589	0	684
Amount Used / Transfer from Reserve	0	0	0
	<u>13,000</u>	<u>12,411</u>	<u>12,411</u>
(f) Preston Volunteer Rangers			
Opening Balance	16,410	16,410	22,340
Amount Set Aside / Transfer to Reserve	10,913	10,000	12,070
Amount Used / Transfer from Reserve	0	0	(18,000)
	<u>27,323</u>	<u>26,410</u>	<u>16,410</u>
(g) Industrial Land Development			
Opening Balance	163,248	163,248	154,249
Amount Set Aside / Transfer to Reserve	7,746	0	8,999
Amount Used / Transfer from Reserve	0	0	0
	<u>170,994</u>	<u>163,248</u>	<u>163,248</u>
(h) Information Technology			
Opening Balance	19,105	19,105	18,052
Amount Set Aside / Transfer to Reserve	907	0	1,053
Amount Used / Transfer from Reserve	0	0	0
	<u>20,012</u>	<u>19,105</u>	<u>19,105</u>

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

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(i) Plant			
Opening Balance	403,801	403,801	459,440
Amount Set Aside / Transfer to Reserve	99,159	80,000	367,361
Amount Used / Transfer from Reserve	0	(27,500)	(423,000)
	<u>502,960</u>	<u>456,301</u>	<u>403,801</u>
(j) Long Service Leave			
Opening Balance	75,854	75,854	71,673
Amount Set Aside / Transfer to Reserve	3,599	0	4,181
Amount Used / Transfer from Reserve	0	0	0
	<u>79,453</u>	<u>75,854</u>	<u>75,854</u>
(k) Town Centre Redevelopment			
Opening Balance	7,677	7,677	7,330
Amount Set Aside / Transfer to Reserve	364	0	347
Amount Used / Transfer from Reserve	0	0	0
	<u>8,041</u>	<u>7,677</u>	<u>7,677</u>
(l) Waste Management			
Opening Balance	236,496	236,497	195,113
Amount Set Aside / Transfer to Reserve	11,221	0	41,383
Amount Used / Transfer from Reserve	(85,000)	(40,000)	0
	<u>162,717</u>	<u>196,497</u>	<u>236,496</u>
(m) Administration Centre Extensions			
Opening Balance	857,034	857,034	622,666
Amount Set Aside / Transfer to Reserve	144,387	100,000	234,368
Amount Used / Transfer from Reserve	(361,506)	(970,000)	0
	<u>639,915</u>	<u>(12,966)</u>	<u>857,034</u>
(n) Hamel Hall Amenities			
Opening Balance	54,458	54,458	91,141
Amount Set Aside / Transfer to Reserve	2,578	0	31,317
Amount Used / Transfer from Reserve	0	(26,000)	(68,000)
	<u>57,036</u>	<u>28,458</u>	<u>54,458</u>
(o) Footpath Construction			
Opening Balance	21,161	21,161	20,000
Amount Set Aside / Transfer to Reserve	1,004	0	1,161
Amount Used / Transfer from Reserve	0	0	0
	<u>22,165</u>	<u>21,161</u>	<u>21,161</u>
(p) Works Depot Redevelopment Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	25,000	25,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Total Cash Backed Reserves	<u>2,112,784</u>	<u>1,349,096</u>	<u>2,236,826</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 2010

11. RESERVES - CASH BACKED

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.

Works Depot Revelopment Reserve - to provide funds for the provision of vehicle storage shed at Works Depot.

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

12. RESERVES - ASSET REVALUATION	2010	2009
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2009	12,659,000	12,659,000
Revaluation Increment	4,656,982	0
Revaluation Decrement	<u>(1,520,700)</u>	<u>0</u>
Balance as at 30 June 2010	<u>15,795,282</u>	<u>12,659,000</u>
(b) Infrastructure - Other		
Balance as at 1 July 2009	0	0
Revaluation Increment	2,451,744	0
Revaluation Decrement	<u>0</u>	<u>0</u>
Balance as at 30 June 2010	<u>2,451,744</u>	<u>0</u>
(c) Roads		
Balance as at 1 July 2009	57,306,053	30,162,358
Revaluation Increment	0	27,143,693
Revaluation Decrement	<u>404,171</u>	<u>0</u>
Balance as at 30 June 2010	<u>57,710,224</u>	<u>57,306,051</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>75,957,250</u></u>	<u><u>69,965,051</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>2,749,382</u>	<u>3,791,008</u>	<u>3,791,078</u>

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

Net Result	(167,662)	1,635,849	4,307,898
Depreciation	1,874,062	959,922	923,618
(Profit)/Loss on Sale of Asset	16,064	1,893	21,839
(Increase)/Decrease in Receivables	(42,567)	(35,183)	176,612
(Increase)/Decrease in Inventories	1,772	(1,373)	725
Increase/(Decrease) in Payables	(142,280)	(244,175)	204,271
Increase/(Decrease) in Employee Provisions	81,149	33,933	(10,041)
Non Cash Contributions	0	0	(1,505,957)
Grants/Contributions for the Development of Assets	(895,063)	(1,598,691)	(1,901,385)
Net Cash from Operating Activities	<u>725,475</u>	<u>752,175</u>	<u>2,217,580</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	20,000	20,000
Credit Card Balance at Balance Date	313	513
Total Amount of Credit Unused	<u>20,313</u>	<u>20,513</u>

Loan Facilities

Loan Facilities - Current	55,142	51,742
Loan Facilities - Non-Current	372,880	428,022
Total Facilities in Use at Balance Date	<u>428,022</u>	<u>479,764</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	0	229,977
Infrastructure Assets Constructed by Developers and Acquired by Council at Valuation - Roads	0	1,275,981
	<u>0</u>	<u>1,505,958</u>

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

14. CONTINGENT LIABILITIES

The Shire of Waroona has no contingent liabilities as at 30 June 2010.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

The Shire of Waroona has no finance lease commitments as at 30 June 2010.

(b) Operating Lease Commitments

The Shire of Waroona has no operating lease commitments as at 30 June 2010.

(c) Capital Expenditure Commitments

The Shire of Waroona has a building contract with Dalcon Construction to build the Administration Centre extensions. The total contract was tendered at \$1,148,677. This project has an expected completion date of March 2011.

16. JOINT VENTURE

The Shire of Waroona does not have any Joint Venture arrangements as at 30 June 2010

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2010	2009
	\$	\$
Governance	4,006,217	1,398,572
General Purpose Funding	794,266	0
Law, Order, Public Safety	464,944	385,556
Health	1,437,000	1,498,130
Education and Welfare	385,000	69,966
Housing	240,000	48,027
Community Amenities	6,222,547	2,571,469
Recreation and Culture	18,975,599	16,056,367
Transport	58,690,339	58,533,613
Economic Services	1,063,238	2,548,842
Other Property and Services	1,143,558	1,220,413
Unallocated	690,720	4,070,670
	<u>94,113,428</u>	<u>88,401,625</u>

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

20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
PLANT AND EQUIPMENT						
Governance						
Holden Statesman Sedan	43,918	43,918	32,864	33,000	(11,054)	(10,918)
Holden Berlina Sedan	31,846	31,846	24,091	25,000	(7,755)	(6,846)
Law Order and Public Safety						
Ford Ranger Supercab	25,582	25,582	20,909	19,000	(4,673)	(6,582)
Community Amenities						
Subaru Forrester	28,105	28,105	20,000	23,000	(8,105)	(5,105)
Subaru Forrester	28,059	28,105	24,545	23,000	(3,514)	(5,105)
Transport						
John Deere Backhoe	0	0	20,000	35,000	20,000	35,000
Traxcavator	0	0	10,000	0	10,000	0
Holden Commodore Sedan	28,318	28,318	20,091	21,000	(8,227)	(7,318)
Toyota Hilux 4X4 (Spray)	0	9,011	0	18,000	0	8,989
Economic Services						
Kia Station Sedan	30,009	30,008	27,273	26,000	(2,736)	(4,008)
	215,837	224,893	199,773	223,000	(16,064)	(1,893)

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

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture								
Aquatic Centre	106	120,985	10,887	10,887	110,098	110,098	8,163	8,006
Basketball Stadium	117	183,992	7,500	7,500	176,492	176,492	11,985	11,939
Preston Beach Golf Club (*)	118	41,291	6,349	6,349	34,942	34,942	2,900	2,884
Waroona Bowling Club (*)	119	47,500	5,765	5,765	41,735	41,735	2,451	2,369
Transport								
Depot Construction	110	66,179	11,633	11,633	54,546	54,546	4,021	3,767
Isuzu Truck	116	19,818	9,608	9,608	10,210	10,210	1,077	1,022
		479,765	51,742	51,742	428,023	428,023	30,598	29,987

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

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2009/10

The Shire of Waroona had no new debentures for the 2009/10 financial year.

(c) Unspent Debentures

The Shire of Waroona has no unspent debentures as at 30 June 2010.

(d) Overdraft

The Shire of Waroona has no overdraft facility as at 30 June 2010.

(e) Business Credit 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 2010 was \$313.

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

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE		Rate in \$ (c.)	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 \$
General Rate	1 Waroona GRV	6.7523	714	9,100,414	627,191	13,630		640,821	614,567			614,567
	3 Hamel GRV	6.7523	18	203,372	13,732			13,732	13,734			13,734
	4 Preston Beach GRV	6.7523	248	3,148,606	212,603	(44)		212,559	212,603			212,603
	5 Prescribed Town GRV	6.7523	12	201,132	12,906	240		13,146	13,581			13,581
	8 Lake Clifton GRV	6.7523	245	2,638,004	228,312	317		228,629	178,126			178,126
	Non Rateable GRV		238	1,302,962				0				0
	2 Waroona UV	0.3310	426	279,275,000	862,185	9,409		871,594	924,400			924,400
	6 Prescribed UV	0.3310	83	28,711,000	95,033	1,456		96,489	95,033			95,033
	Sub-Totals		1,984	324,580,490	2,051,964	25,008	0	2,076,972	2,052,044	0	0	2,052,044
	Minimum Rates	Minimum \$										
	1 Waroona GRV	620.00	442	3,094,450	274,040			274,040	274,040			274,040
	3 Hamel GRV	620.00	19	133,916	11,780			11,780	11,780			11,780
	4 Preston Beach GRV	620.00	296	2,306,603	183,520			183,520	183,520			183,520
	5 Prescribed Town GRV	620.00	13	90,520	8,060			8,060	8,060			8,060
	8 Lake Clifton GRV	620.00	3	26,728	1,860			1,860	1,860			1,860
	2 Waroona UV	620.00	51	5,411,751	31,620			31,620	31,620			31,620
	6 Prescribed UV	620.00	40	6,452,500	24,800			24,800	24,800			24,800
	7 Mining	620.00	14	187,471	8,680		(1,486)	7,194	8,680			8,680
	Sub-Totals		878	17,703,939	544,360	0	(1,486)	542,874	544,360	0	0	544,360
	Ex-Gratia Rates							2,619,845				2,596,404
Specified Area Rate (refer note 23)								0				0
Discounts (refer note 25)								2,619,845				2,596,404
Totals								2,619,845				2,596,404

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

23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Nil							
				0	0	0	0

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Nil					
		0	0	0	0

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

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 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		646	0

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		11,979	4,200
Interest on Instalments Plan	5.50%		9,569	4,400
Charges on Instalment Plan		8	14,008	6,800
			35,556	15,400

	2010 \$	2009 \$
27. FEES & CHARGES		
Governance	23,005	19,251
General Purpose Funding	1,925	15,766
Law, Order, Public Safety	51,002	16,081
Health	20,372	89,709
Education and Welfare	100	100
Housing	13,520	8,959
Community Amenities	536,539	642,586
Recreation and Culture	320,473	295,065
Transport	0	0
Economic Services	45,519	49,615
Other Property and Services	35,369	59,478
	<u>1,047,824</u>	<u>1,196,610</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 2010

28. GRANT REVENUE	2010	2009
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	1,550,363	2,622,001
Non-Operating Grants, Subsidies and Contributions	895,063	1,901,385
Non-Operating Grants, Subsidies and Contributions - Non Cash	0	1,505,958
	<u>2,445,426</u>	<u>6,029,344</u>
By Program:		
Governance	434,619	127,106
General Purpose Funding	665,516	2,004,021
Law, Order, Public Safety	30,429	287,686
Health	4,202	18,308
Education and Welfare	50,668	15,263
Housing	0	0
Community Amenities	376,503	568,117
Recreation and Culture	156,433	336,719
Transport	558,261	1,890,463
Economic Services	133,759	758,638
Other Property and Services	35,036	23,023
	<u>2,445,426</u>	<u>6,029,344</u>

29. COUNCILLORS' REMUNERATION	2010	2010	2009
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	43,000	43,000	43,000
President's Allowance	4,000	4,000	4,000
Deputy President's Allowance	1,000	1,000	1,000
Travelling Expenses	2,648	2,350	1,491
Telecommunications Allowance	6,000	8,000	6,667
	<u>56,648</u>	<u>58,350</u>	<u>56,158</u>

30. EMPLOYEE REMUNERATION

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

Salary Range	2010	2009
\$		
100,000 109,999	0	0
110,000 119,999	<u>1</u>	<u>1</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2010	2009
<u>45</u>	<u>42</u>

32. MAJOR LAND TRANSACTIONS

The Shire of Waroona did not participate in any major land transactions during the 2009/10 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 2009/10 financial year.

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

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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	2,200,783	3,791,008	2,200,783	3,791,008
Receivables	218,044	179,257	218,044	179,257
	<u>2,418,827</u>	<u>3,970,265</u>	<u>2,418,827</u>	<u>3,970,265</u>
Financial Liabilities				
Payables	471,138	422,322	471,138	422,322
Borrowings	428,013	479,764	428,013	479,764
	<u>899,151</u>	<u>902,086</u>	<u>899,151</u>	<u>902,086</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 2010

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-10	30-Jun-09
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	27,493	37,910
- Income Statement	27,493	37,910

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 2010

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-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	98.00%	98.40%
- Overdue	2.00%	1.60%
Percentage of Other Receivables		
- Current	66.00%	55.49%
- Overdue	34.00%	44.51%

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

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.

2010

Payables	489,365	0	0	489,365	489,365
Borrowings	55,142	191,138	181,733	428,013	428,013
	<u>544,507</u>	<u>191,138</u>	<u>181,733</u>	<u>917,378</u>	<u>917,378</u>

2009

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>

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

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:

						Weighted Average Effective Interest Rate	
	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	%
	\$	\$	\$	\$	\$	\$	
Year Ended 30 June 2010							
Borrowings							
Fixed Rate							
Debentures	55,142	47,919	51,106	54,506	37,607	181,733	6.56%
Weighted Average							
Effective Interest Rate	6.47%	6.54%	6.54%	6.55%	6.54%	6.60%	
Year Ended 30 June 2009							
Borrowings							
Fixed Rate							
Debentures	51,741	55,142	47,919	51,106	54,506	219,340	6.55%
Weighted Average							
Effective Interest Rate	6.47%	6.47%	6.54%	6.54%	6.55%	6.59%	

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

	2010	2009	2008
18. FINANCIAL RATIOS			
Current Ratio	0.772	1.051	0.673
Untied Cash to Unpaid Trade Creditors Ratio	1.164	2.430	0.684
Debt Ratio	0.016	0.018	0.025
Debt Service Ratio	0.015	0.022	0.014
Gross Debt to Revenue Ratio	0.078	0.126	0.082
Gross Debt to Economically Realisable Assets Ratio	0.015	0.019	0.020
Rate Coverage Ratio	0.415	0.369	0.314
Outstanding Rates Ratio	0.023	0.021	0.011

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 2010

19. TRUST FUNDS

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
BCITF LEVY	6,160	23,780	(29,940)	0
BUILDERS REGISTRATION BOARD	0	5,835	(5,835)	0
HALL DEPOSITS	2,925	1,100	(1,025)	3,000
LANDCARE EOY BALANCE	108,763	61,380	(108,763)	61,380
NOMINATION DEPOSITS	0	320	(320)	0
RETENTIONS	0	43,271	0	43,271
ROADWORK/FOOTPATH BONDS	7,925	0	0	7,925
SUBDIVISION BONDS	66,563	7,825	(11,458)	62,930
SUNDRY ITEMS	44,671	82,061	(12,848)	113,883
VEHICLE LICENSE PLATES	0	560	(560)	0
EXTRACTIVE INDUSTRIES	21,783	1,947	0	23,730
PUBLIC OPEN SPACE	231,650	0	(53,740)	177,910
	<u>490,440</u>			<u>494,029</u>

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 2010.

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.

PARTNERS

Clifton M Anderson FCA, JP	Stuart Fricker CPA, GAICD
Stephen FJ Down CA	Tim Partridge FCA
Shaun G O'Callaghan CA	Dean Rob CA
Peter Manolas CPA (Master of Taxation Law)	

ASSOCIATES

Maria Cavallo CA	Steven Cluning CA
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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 2010 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

On this 20th day of October 2010