

SHIRE OF WAROONA

Annual Report

2010 - 2011

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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 2010 to 30 June 2011

| <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

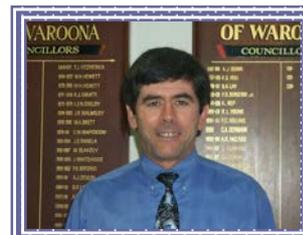
2010/2011

| COUNCILLOR | NO. OF MEETINGS HELD | NO. OF MEETINGS ATTENDED |
|----------------------|-----------------------------|---------------------------------|
| Cr Noel Dew | 12 | 12 |
| Cr Christine Germain | 12 | 8 |
| Cr Mike Walmsley | 12 | 11 |
| Cr Trish Witney | 12 | 8 |
| Cr John Salerian | 12 | 12 |
| Cr Laurie Snell | 12 | 11 |
| Cr Craig Wright | 12 | 9 |
| Cr Larry Scott | 12 | 8 |

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 (until March 2011)

| <u>NAME</u> | <u>POSITION</u> | <u>COMMENCEMENT DATE</u> |
|---------------------|--|-------------------------------|
| Mr Charlie Eatts | Works Supervisor | 1983 (resigned October 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 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 (resigned Nov 2010) |
| Miss Kathy Simpson | Administration Officer | 2007 |
| Miss Rikki Bellairs | Customer Service Officer | 2007 |
| Mr Paul Webb | Director Technical Services | 2008 (resigned March 2011) |
| Mr Ron Thomas | Centre Manager – Recreation/Aquatic Centre | 2008 |
| Mr Rhys Bloxside | Town Planner | 2009 (resigned November 2010) |
| Mrs Nadine Aiberti | Town Planning Assistant | 2009 (resigned April 2011) |
| Ms Tamara Olsson | Manager Financial Services | 2009 |
| Mr Vance Thompson | Labourer | 2009 (resigned July 2011) |
| Mr Glenn Paddick | Duty Manager – Rec Centre | 2009 (resigned June 2011) |
| Ms Bobbi Wetnall | Ranger | 2009 |
| Mr Ronald Holmes | Labourer | 2010 (resigned Sept 2010) |
| Mr Mark Tamblyn | Mgr Environmental Health & Building Services | 2010 |
| Mr Louis Fouche | Mgr Planning Services | 2010 |
| Mr Greg Delahunty | Town Planner | 2010 |
| Mr Anthony Sayer | Labourer | 2010 |
| Mr Chris Dunlop | Town Planner | 2011 |
| Mr Steve Barnes | Parks Co-ordinator | 2011 |
| Mr Murry Bracknell | Manager Works & Services | 2011 |
| Ms Donna Wetnall | Plant Operator/Labourer | 2011 |
| Mr Steve Ferraro | Plant Operator/Labourer | 2011 |
| Mr Finn Bombara | Pool Duty Manager/Recreation Officer | 2011 |

EMPLOYEES - PERMANENT PART-TIME

| | | |
|-----------------------|---------------------------------------|-----------------------------|
| Mrs Kirsty Ferraro | Rates Officer | 1996 |
| Ms Lorraine McIntosh | Licensing Officer | 1997 |
| Mrs Kaye Eatts | Library Officer | 1999 (retired July 2011) |
| 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 |
| Mr Ross Davidson | Manager Planning Services | 2008 (resigned August 2010) |
| Mrs Sue Cicolari | Executive Support Officer | 2010 |
| Mrs Lissy Oliver | Library Assistant | 2009 |
| Ms Samantha Dunne | Visitor Centre Assistant | 2010 |
| Ms Ronnell Capp | Library Officer | 2011 |

PRESIDENT'S REPORT 2010 - 2011



I have much pleasure in presenting this 2010-2011 Annual Report highlighting our achievements and the challenges presented during that period. As a Shire strongly committed to providing excellence in governance we are required to do much more than just manage our day to day affairs. We should always be seeking to improve and develop in a prudent manner whilst at the same time be providing strong community leadership. To achieve this goal it is imperative we have a passionate, dedicated group of Councillors who are prepared to demonstrate courage in their decision making. Equally important is of course the need for Councillors to be well supported by qualified and highly motivated staff to ensure that our goals, aspirations and visions are achieved. It is my firm belief that we have been able to achieve this objective.

Challenges for Councils are many and varied, some easily identifiable, others totally unexpected and for the Shire of Waroona we only need to look back to that horrendous event that took place at Lake Clifton on January 10th this year. A ferocious bush fire moved rapidly through a large part of the Lake Clifton area leaving a trail of destruction in its wake and, today, I still find it hard to contemplate or imagine the effect this fire must have had on so many. If there is a positive it would be the strong community spirit that quickly came to the surface to support those most impacted, something I found to be truly inspiring. In addition we witnessed a magnificent effort by so many dealing with this monster inferno whilst putting their own lives at risk. As well, the Shire provided much needed support in many different ways during and after the event.



Scene from Lake Clifton Fire Affected Property

Whilst the potential for major developments still exists within our Shire very little has occurred during the past year and with the ongoing uncertainty in the financial market it is difficult to forecast the future. We are actively preparing for the unexpected by ensuring plans and policies are up-to-date.

To ensure we have long term financial viability it is a major requirement that we have strong financial management plans for, not only the short term, but the long term as well, and this needs to be underpinned by a high degree of diligence and constraint. Every year we mention the fact we are confronted by the challenge of dealing with trying to balance community expectations against available resources, and that applied to this year.



Councillors and Senior Staff 2010

Councillors and Staff

Many thanks to all the Councillors for their strong contribution and ensuring we have robust debate in our decision making process. With no wards in our shire it is vital all councillors work hard to ensure they represent the interests of the whole of the shire, something we have been able to achieve very successfully. As councillors we may not always agree on a particular issue, however, it is pleasing to note that the word 'respect' is a key element in our council and this is always evident in Councillor's attitude toward our staff, to fellow councillors and importantly, their points of view.

I would like to take the opportunity to thank councillor's partners and families for their support, patience and understanding during this past year.

Our highly dedicated Staff has once again provided excellent support to Council. Many thanks to our CEO Ian Curley for his strong leadership and also to our Deputy CEO Laurie Tilbrook (well supported by Tamara

Olsson) for ensuring our finances are effectively and efficiently managed. Also, it is important we acknowledge the valuable contribution of so many other employees from so many different areas of our operation.



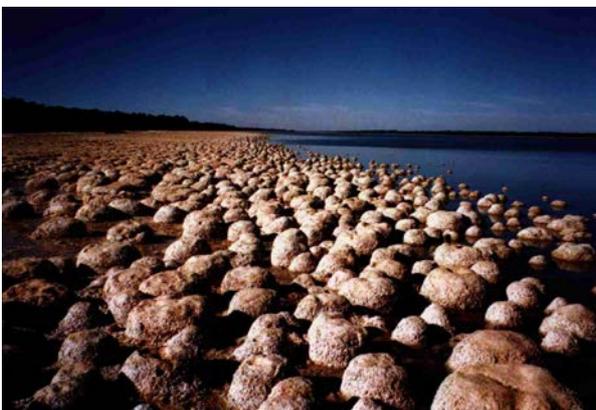
Aerial Photograph of Preston Beach townsite

Preston Beach

First of all I would like to acknowledge the Preston Beach Progress Association for their hard work on behalf of the community and the excellent spirit of co-operation that currently exists with the Shire. Many things are in the pipeline for Preston Beach with funding currently being sought to enable a major extension of the present community hall. A new fire brigade shed is at present being built to accommodate a much larger fire tender that is expected to be delivered in 2012. The building will also house the Volunteer Rangers vehicles.

It has been noted that visitor numbers to Preston Beach have increased dramatically with the completion of the Forrest Highway. This in turn has seen an increase in the number of beach users putting extra pressure on the workload of the volunteer rangers.

During the year the Shire undertook an eradication program to try and halt the spread of the Brazilian Pepper Tree.



Thrombolites at Lake Clifton

Lake Clifton

The Lake Clifton Herron Progress and Sporting Association has, again, provided excellent support to the Lake Clifton community. Of particular mention is its assistance during the recovery process after the January fire. I thank the Volunteer Fire Recovery Committee who did so much to assist the community with access to available funding and services until their completion in May. During the coming year work will commence on the installation 3 additional water storage tanks for the area.

Special Events

The community was again treated to a number of key events around the district throughout the year. This year Councillors and Staff took the initiative to cook the breakfasts for community volunteers at the Volunteer Breakfasts held in Waroona and Preston Beach. Other events include the Blessing of the Roads and ANZAC ceremonies, The 80th Waroona Agriculture Show, British Auto Classic and All Australian Car Day, Sea to Art Exhibition, Lake Clifton Art 6215 and Business Sundowner; to name but a few. All in all it was a very busy year around the shire.



Volunteer's Breakfast 2010

Australia Day

Australia Day 2011 was well attended at Drakesbrook Place with the Premier's Australia Day Active Citizenship Award being presented to a very deserving Lena Deleo, who has spent many years in voluntary service in the community.

Thank you to the Lions Club, who again provided those who attended with breakfast, and to the many other volunteers who helped play a part in the success of the day.



South West Highway Banners

Grants

During the year the Council provided a number of grants throughout the community – Business Townscape grants, Business Incentive grants and Community Development grants. Overall an amount of \$13,870 was distributed. A list of the grantees appears further on in this document. The grants initiative has resulting in significant improvements in the presentation of the Waroona main street, a decrease in shop vacancy and improved the capacity of local groups and organisations to undertake small projects.

I congratulate all recipients of Shire grants and encourage others who are eligible for funding to considering applying when future grant rounds are advertised.

Community Centre

I would like to acknowledge the excellent work of the Waroona Community Health Resource Centre which provides the community with outstanding services. The centre is growing from strength to strength with an ever increasing number of services being available. The Council provides substantial support to the centre, funding the reception position at the centre and covering the costs of building maintenance. It also supports and subsidizes the provision of the doctor's service. If you are not familiar with the variety of services available at the centre please make a point of checking it out. The centre is located in Henning Street Waroona, phone 9733 3011.



Waroona Community Health & Resource Centre

In conclusion...

I would like to sincerely thank all those remarkable community members willing to put up their hands to become volunteers in order to assist others. The degree of volunteering in our Shire is, I believe, quite outstanding and in many ways goes to demonstrate the vitality and strength of our community.

For those who have not yet ventured into the volunteering aspect of community, I can assure you that it makes living in a small community a richer experience.

To everyone concerned, on behalf of our Shire I say "thank you" and "well done".

**NOEL DEW
SHIRE PRESIDENT**

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

2010/2011 has been a successful year for the Shire of Waroona, but not without its challenges as highlighted below. Significant Royalties for Regions direct funding to the Council has been received with \$841,000 in 2008/2009 followed by \$657,000 in 2009/2010. This has enabled a number of small scaled projects to proceed - some 32 separate projects have benefited from this additional funding. A further allocation of \$466,000 is expected in 2011/2012.

Receiving funding is always welcome, however, the ability to deliver the expected outcomes largely rests with having the expertise of available Staff. I am pleased to record that the Shire Staff have ably played their part in bringing the 2008/2009 allocated projects to completion and an audit from the Office of Auditor General signing off on the project acquittal. The 2009/2010 allocation, which wasn't received until the beginning of the 2010/2011 financial year is now underway.

The steady command of the Council, together with the experience and expertise of the Shire Staff enables projects to be delivered in a timely and cost effective manner, without interruption to the provision of normal services.



Greg Lewis (Waroona West Fire Brigade) & Cr Noel Dew at the 2010 Emergency Services Thankyou Function

Functions and Events

During the year the Council and Staff were involved in organising a number of functions and events throughout the various community areas; a number of which were sponsored by Council either financially and/or with the provision of staff resources -

- Volunteer thank you breakfasts in Waroona and Preston Beach
- Emergency Services thank you dinner
- The Premiers Australia Day Active Citizenship Awards and Meritorious Community Service Awards and BBQ breakfast:

- Sea to Art exhibition
- Movie under the Stars
- A variety of school holiday activities throughout the year.
- Hosting of a Sundowner for local businesses and Winter Warmer function with local groups and organisations
- Art 6215 display at Lake Clifton
- Carols by Torchlight in Preston Beach
- Carols by Candlelight in Waroona
- Waroona Show
- Classic and All Australian Car Shows



Tracy Goldsworthy, Mike Walmsley and Merle Davis at the opening of the Sea to Art Exhibition 2010

Our Staff

Despite a number of changes in staff during this year and the later part of the previous year, the Shire Staff has have managed to successfully complete its program set by the annual budget.

Significant change occurred in the Works area commencing with the retirement of previous Manager of Works and Services Charlie Eatts in 2010, and in the early part of 2011 the resignation of the Director of Technical Services, Paul Webb and Co-ordinator of Parks & Gardens Mark Corner. I am pleased to announce their replacements in part-time consultant Director of Technical Services, Patrick Steinbacher. Manager of Works and Services, Murry Bracknell and Co-ordinator of Parks & Gardens, Stephen Barnes. I make special mention of Craig Birch who, with the assistance of his able team, took over the position of Acting Works Supervisor in the absence of the above positions and was able to complete last summer's construction program and a large portion of the winter maintenance schedule.

There remain 3 Directorates within our organisation managed by-

Laurie Tilbrook, Deputy CEO/Director of Corporate Services who has control of administration, finance, licensing, library and visitor centre.

Steve Cleaver, Director Community & Planning Services who has control of building, health, planning, recreation centre and community development.

Patrick Steinbacher who has control of the works depot and staff, road construction and maintenance, parks and reserves maintenance.

The current staff continue to display a high level of commitment and competency in their work. A review of each staff member's performance is conducted each year in accordance with the requirements of the Local Government Act 1995.

Challenges throughout the year

Throughout the year the communities of the Shire of Waroona faced a number of challenges. First and foremost was the devastation that occurred in Lake Clifton from the fire of January 2011, where a number of dwellings were burnt to the ground. The whole community rallied to support those in need with the Recreation Centre becoming the focus point as the evacuation centre. Shire staff, together with government and other agencies and volunteers from around the community, worked tirelessly through those first few days to provide assistance to those affected. The volunteer recovery committee continued to support those affected until winding up the recovery process in May 2011.

Also of concern early in 2011 was the search for a replacement Doctor. After a lengthy delay the Forrest House Group was able to secure the services of Dr Moayad Al Captan, who is now conducting regular surgery hours at the Waroona Health and Medical Centre.

The issue of "Local Government Reform" has also continued to dominate the local government sector. The Shire of Waroona has no plans to enter into an amalgamation arrangement with any of its neighbouring Councils. The Council has, however, successfully entered into a number of resource sharing arrangements with the Shire of Murray and will continue to explore resource sharing opportunities in the Peel region. The 5 Peel Regions Councils, together with representatives from Peel Development Commission, Regional Development Australia, Peel Harvey Catchment Council and Peel Community Development Group have formed the Peel Regional Leader's Forum, which will enhance the delivery of regional initiatives across the Peel region.

Financial Management and Control

Council's finances continue to remain well protected with a prudent 2010/2011 budget and minimal rate increase being set in August. All major works included in budget were completed with our financial position remaining in surplus at 30 June.

Reserve funds remain buoyant enabling the Council to forward plan its projects without relying on large rate increases or the need to take up loan funds.

With no new Council loan borrowing during the year the outstanding Loan principal has continued to reduce. This is an excellent position to be in, enabling the Council to take up loans in the future if needed.

The Finance department has introduced a number of improvements during the year, including a full review of all infrastructure, land and building assets for both insurance and valuation purposes as well as a full restructure of the Council Asset Register, preparation of a complete Works Program and monthly expenditure flow chart to track works expenditure to be used to benchmark subsequent financial years.

The 2010/2011 audit was successfully completed during this period in accordance with the Local Government Act and Accounting regulations.



Hamel Wetland Shelter

Looking Forward

A number of plans have been developed throughout the year, including –

- 5 Year Financial Plan linked to Council's Strategic Plan and Asset Management Plans.
- Hamel Wetland Environmental Management and Action Plan 2010.
- Harvey River Walk Trail Interpretation Plan.
- Community Safety and Crime Prevention Plan 2011-14, and
- Forward Capital Works Plan

In the coming year Council will be reviewing its Community Strategic Plan 2005-2025 and will introduce an Asset Management Plan.

The development of a Preston Beach Townsite strategy has been an on-going project since 2005, with the project stalling in 2009. The project has now been re-invigorated and the new project committee is working towards public consultation in the middle of 2012.

Some of the projects to come in 2011/2012

- Securing grant funding for the improved lighting for of the town oval
- Re-opening of the Drakesbrook Weir with renovated recreation area and new pontoon
- Re-roofing and rendering of the old section of the Administration Centre to match to extensions
- New carpark for the use of the Administration Centre, Playgroup and Community Centre
- Replacement of basketball court 1 floor at the Recreation Centre, and replacement of the solar heating system
- Completion of the new Fire Shed at Preston Beach
- Installation of additional concrete fire tanks at Lake Clifton
- A new round of Townscape Incentive Grants and Business Incentive Grants to assist in the revitalisation of the Waroona town centre.



Drakesbrook Weir

Conclusion

As the completion of my 7th year as CEO with the Shire draws near I continue to be enthused by the positive approach of Councillors and Staff towards delivering the expected services for their community.

The workload and responsibility for both Councillors and Staff continues to increase, in particular in the areas of compliance with continued new State Government administrative requirements. The Staff and their teams continue to work hard to meet the demands required of them and provide services to the community in a most efficient and effective manner.

I congratulate and thank all Councillors and Staff for their continued commitment towards the duties of the Council and the community throughout the past year.

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 another very successful audit report for the year with the Council extending its congratulations to the entire finance and administration team on their achievement.

2010/11 Rating

A general rate revenue increase of 6% applied for 2010/11 financial year with rate revenue totalling \$2,777,535. Minimum rates for both GRV and UV rated properties were increased from \$620 to \$650.

A general revaluation of unimproved valuations resulted in an average decrease of 6% which is the first decrease in unimproved values for the Shire since the 2002/03 financial year.

Financial Performance

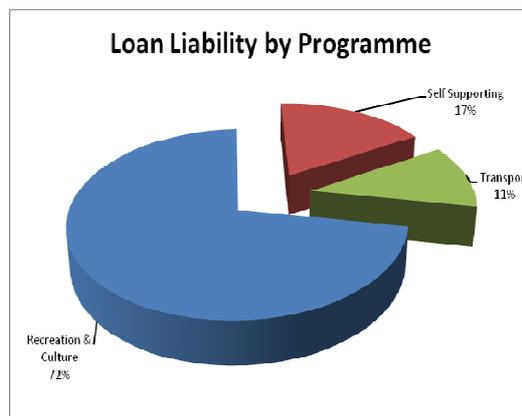
As reported above the Council's audit for 2010/11 has been reported by the Council's auditor as being highly

successful. As a result of no loans being raised the Council's debt level is low and rating levels continue to reflect the steady growth of the Shire.

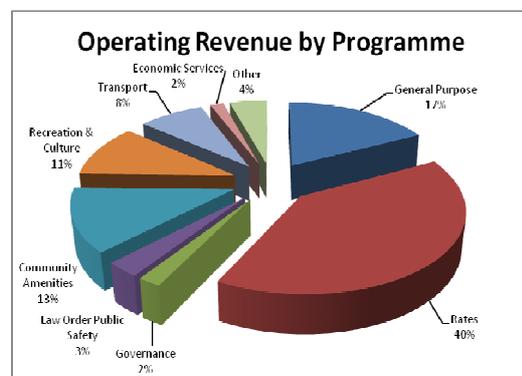
Staff were also commended for the excellent quality of financial reports presented to the Council with easy to understand charts and graphs making the statements more user friendly.

The following graphs provide an overview of the Council's financial transactions for 2010/11.

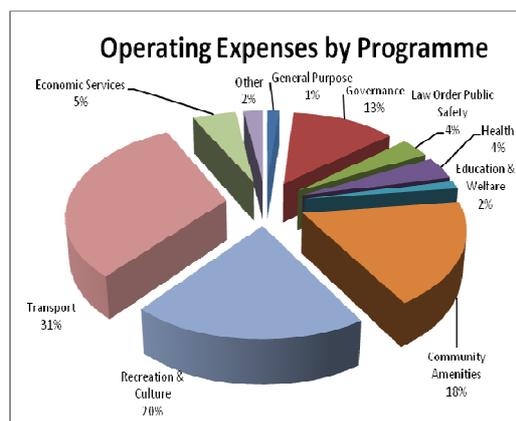
Loan Liability



Operating Revenue



Operating Expenses



A full copy of the Annual Financial statements and auditors report is located at the green and blue pages of this Annual Report.

Plan for the 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.

The plan is currently being reviewed and in future will be presented as a "Long Term Financial Plan" which will form a part of an Integrated Planning Framework.

Integrated Planning & Reporting Framework

The Council is required by July 2013 to introduce a fully "Integrated Planning & Reporting Framework" within its organisation.

Such a plan will provide the framework for establishing community priorities and to link this information into different parts of the Council's operations.

Initially this will involve the preparation of a "Community Strategic Plan" which will reflect the long term goals of the community (10+ years).

Extensive community consultation will take place and will be carried out in conjunction with consultants acting on the Council's behalf.

Other plans to be developed to support the Community Strategic Plan include:

- Workforce Plan (4 years)
- Asset Management Plan (10+ years)
- Financial Plan (10+ years)
- Forward Capital Works Plan (5 years)
- Corporate Business Plan (4 years)

Reporting on progress to the community will be required as a part of future Annual Reports.

Forward Capital Works Plan – Royalties for Regions

This plan is required to be prepared and submitted to State Government agencies associated with the distribution of Royalties for Regions funding.

The plan covers proposed capital works for a 4 year period and forms the basis for funding submissions pursuant to Royalties for Regions guidelines.

Recent projects completed with Royalties for Regions funding include:

- Drakesbrook Weir Upgrade
- Council office extension
- Catholic Church Street frontage enhancement



Library Staff – Lissy Oliver & Polly Bonner

Library

The library experienced a change of staff in the latter half of the financial year with the resignation of Mrs Kaye Eatts. Kaye's knowledge and experience will be missed after 12 years of dedicated service.

Kaye's replacement in the job share arrangement with Polly Bonner will be Ronnell Capp. Many members will remember Ronnell from her previous casual employment. Ronnell is committed to the future of library services and her employment is welcomed.

Library membership has grown slightly over the past year with numbers reaching the highest level for many years. New members have continued to enrol during each month over the 2010/11 financial period.

Local stock, which includes books, DVD's, magazines and jigsaws, has now grown to over 6,000 items. The majority of these items, both new and old have been donated by the public with a small amount being purchased through budget allocations. Together with State Library stock the library can offer well over 11,000 items to members.

The knitting group continues to use the library each month with a steady number attending. Visitors from various local community groups utilise the library to give talks to the ladies who in turn supply hand made gifts.

Book club which has been operating for over 10 years still has a steady membership and meets regularly once a month.

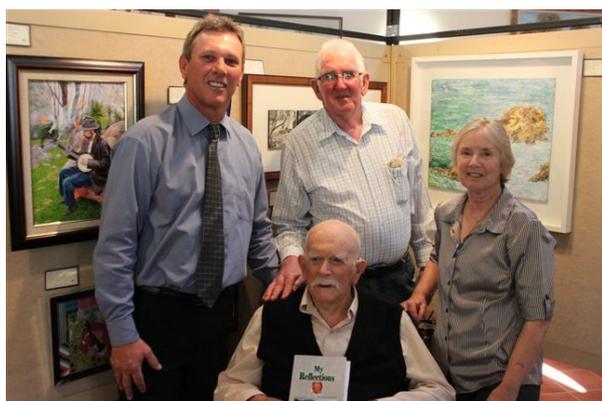
The Broadband For Seniors Project continues to run, with staff tutoring the over 50's in computer skills. The Federal Government is due to sign a new agreement which will see the project run for another 3 years.

Waroona Visitors 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 and "Peel" sub-region.

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

- Sea to Art Exhibition – Official Opening and Promotion
- British Auto Classic – including free district tours
- Hosted official book launch "My Reflections by Don Alexander
- Ned Kelly on Canvas – display by local artist
- Perth Caravan and Camping Show – assisting with promotion of local region
- All Australian Car Day



Guests at launch for Don Alexander's My Reflections for author Bev Alexander

Overall visitor numbers increased by 8% for the 2010/2011 financial year which is an excellent result on top of a very successful year in 2009/10. This also reflected in a further significant increase in gallery sales of 50%, made up mainly of local arts and crafts.



Artist Lorraine Bawden's Ned Kelly on Canvas

Resource Sharing Initiatives

During the year negotiations with the Shire of Murray were finalised and a Memorandum of Understanding (MOU) signed to provide Information Technology services. This MOU has enabled the Shire of Waroona to substantially upgrade its Information Technology systems both from a hardware and software arrangement. Subsequent to the endorsing of this agreement the Shire of Boddington has also indicated its intention to be involved.



Paul Willemse, Laurie Tilbrook & Dean Unsworth sign the MOU

In addition a further agreement has been finalised in relation to the provision of Asset Management services. This arrangement will provide the Council with benchmarks for future asset maintenance requirements including strategies for the preservation of existing assets.

This information is expected to be invaluable to assist in preparation of Asset management strategies associated with the proposed Integrated Planning and Reporting framework.

Further resource sharing initiatives are being investigated. These include Human Resources, media relations and ranger services.

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 2010/11 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 new local laws or local law amendments during 2010/11, however the Council is currently involved in a statutory review of its local laws. This is being conducted in a joint initiative with the Shire of Murray and will involve the introduction of new laws and review of existing laws.

At the conclusion of the 2010/11 financial year the following local laws were 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's Record Keeping Plan submitted in accordance with the above Act was approved in November 2004 for a period of 5 years. Subsequently the plan was subject to a review which concluded in June 2011.

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 new staff;
- Software training in the Council's recording tracking system is also carried out as required; and
- Offsite storage procedures have been introduced and subsequently reviewed. The Council has not found it necessary to implement the formal destruction of records to date however this is expected to occur for the first time in 2011/12.

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 2010/11.

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

COMMUNITY AND PLANNING SERVICES

COMMUNITY DEVELOPMENT

Shire of Waroona 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 2010 were:

| | |
|--|-------|
| Waroona Community Resource Centre | \$635 |
| Preston Beach Progress Association: | \$800 |
| Waroona Cricket Club: | \$800 |
| Lake Clifton-Herron Progress & Sporting Association Inc. | \$750 |
| Drakesbrook Despatch | \$600 |
| St Josephs P&F: | \$704 |

Total Funds Applied for **\$4289.00**

Local Business Townscape Development Grants

The Shire of Waroona Townscape Development Fund provides 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 enhance the aesthetics of the area and compliment the town centre.

Grant funds were awarded to the following businesses; (note; payments are only made on completion of project)

| | |
|----------------------------------|------------|
| George Brown, Industrial Units | \$2,000.00 |
| Golden Glass, South West Hwy | \$1,676.00 |
| Jean Hewett, Drakesbrook Realty | \$1,000.00 |
| Peter Pisconeri, Mainline Motors | \$3,000.00 |
| Keith Plater, Dizzy's Diner | \$1,705.00 |

Total **\$9,581.00**

Business Sundowner

The Shire of Waroona held a second Business Sundowner in November at the Waroona Memorial Hall. The evening provided an opportunity for local business people to meet with agency representatives and other business owners as well as Councillors and Senior Staff.

Training

Community Development Officer Maree Ellis was successful in attaining the following qualifications; LGACOM502B Devise and Conduct Community Consultations and LGAGOVA606A Develop and Maintain a Community Cultural Plan after applying for and obtaining \$3,500 funding to undertake the training through Community Arts Network WA. As a direct result, the Shire of Waroona Community Cultural Plan has now been revised and updated.



Overview of Visitor Centre ready for Sea to Art Exhibition

Events

The Summer Events program continues to deliver a quality series of events which include the Sea to ART exhibition at the Waroona Visitor Centre; ART 6215 organised by the Lake Clifton Herron Progress and Sporting Association, events at Preston Beach, Movie under the Stars, a Youth action event, Carols by Candlelight, the Streetlight tour, Australia Day Celebrations and a theatre night. Alcoa continue to sponsor The Summer Events program with funding of \$5,000 allocated.

The Shire also received funds of \$20,000 in May from the Regional Business Development Corporation Dry Season Scheme to support community events. These funds have been allocated to a variety of events and activities.

Youth

Alcoa confirmed funding support for 2010/11 for the Youth Officer Position to run holiday programs and assist with other youth activities.

The Youth Contributing to Community Award was launched at the 2010 Volunteer Breakfast. Community members are asked to nominate young people who have volunteered their time to assist others in the Community. This award, sponsored by Alcoa and the Shire of Waroona, acknowledges the achievements of young people and as part of the award, the young people are asked to nominate a charity or group to receive a donation of \$100.

Youth contributing to Community Awards have been given to:

Billy Harbour
Jacob Walmsley
Monique Warr
Leah Mason
Amber Durbridge

The Waroona Youth Advisory Council continues to assist with the organisation of youth events including Movie under the Stars, Discos, Youth Week Activities and the Youth Action Event. They also provide assistance to other local community groups when required including Pinjarra Waroona Youth Care and the Waroona Agricultural Society.



Action Event – Climbing Wall

Skate Park

An upgrade of the Waroona Skate and Bike Park was completed with an extension to the area, new equipment and lighting. A very successful Action event was held to celebrate the upgrade with a large crowd turning up to enjoy skate and bike competitions, climbing wall, music, Recreation Centre activities for the younger children and a free sausage sizzle provided by the Waroona Youth Advisory Council.

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

Louie Chiera
Ray Vergone

The Premiers Australia Day Active Citizenship Award

Lena Deleo

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

Waroona Senior Citizens Welfare Committee
Community Car Program

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

The Volunteer Thankyou Breakfast took a new turn with Shire Councillors and senior staff taking on the cooking at both Centennial Park and Preston Beach. Both events were 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 events were supported by the Shire of Waroona and the Department for Communities.

Hamel Eco-Historic Precinct

The development of the Hamel Wetland Environmental Management and Action Plan (2010) was funded through the Royalties for Regions Grant Scheme as a part of the Hamel Wetland Walk Trail Project.

The Shire of Waroona have established a good working relationship with the Landowners, Department of Environment and Conservation, to create a community asset that will have long term social, environmental and economic benefits. The project has been strongly supported and funded by many government agencies and community support for the project is strong.

Works have continued at the Hamel Wetland with the completion of the Hamel Wetland Management and Action Plan, revegetation works and lots of tree planting activities have been undertaken by local school children under the watchful eye of Landcare Officer Colleen Archibald.

Natural Resource Management (NRM) Funding of \$27,500.00 from the South West Catchments Council was obtained to work on eradicating Lantana from the area around the old nursery. This plant was once a favourite in people's gardens but has shown a capacity to become a problem along waterways if left unchecked.



Hamel Wetland

Community Safety and Crime Prevention

Funds of \$20,000 were received from the Office of Crime Prevention following the successful review of the Shire of Waroona Community Safety and Crime Prevention Plan. These funds will be used to upgrade the current CCTV system.

Harvey River Walk Trail and John Tognela Rest Areas

As part of the Forrest Highway development, rest areas were created on both sides of the intersection of

Dorsett Road in the Shire of Waroona. These areas are now known as the John Tognela Rest Areas. A lot of work has gone into the site during the year following the completion of an Interpretation Plan developed to promote the historical, environmental and tourism elements in the area.

The rest area now boasts public art works, tourism signage and an interpretive river walk trail which allows people to visit the river and walk beneath the road bridges which carry thousands of vehicles each year across the river.

The opening of the public art mural and the John Tognela Rest Area on the corner of Dorsett Rd and Forrest Highway was held on Friday May 6 to celebrate the completion of the project.

This project fostered a high level of community engagement during the development of the artwork with many repeat visitors to the site to view the progress. Locals and passing tourists offered advice to assist with authenticity of the heritage artworks whilst many have just stopped to admire the work. The art has transformed the two concrete railway arches that were left over from the freeway construction. The discarded resource is now a work of art with images depicting local history and elements of the local environment.

Grant Funding

Regional Business Development Corporation: Dry Season funding was obtained for the purchase of water tanks which have been installed at Centennial Park and the Drakesbrook Weir.

Royalties for Regions: an application for **\$44,000.00** funding was also lodged for the purchase of water tanks for the Lake Clifton area in the wake of the devastating bushfires.

Lotterywest:
\$32,880 for upgrade at the skate park and to purchase trestles and other equipment for the Memorial Hall

DSR Trails:
\$32,400 for the development of a walk trail at the Waroona Weir

MAREE ELLIS
COMMUNITY DEVELOPMENT OFFICER

ENVIRONMENTAL HEALTH SERVICES

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 Department of Environment and Conservation, and attending to health related nuisance complaints such as noise and odour.

A total of 68 food businesses are currently registered within the Shire, as follows

- Restaurants (Canteens, Takeaways, Bakeries) - 20
- Bed and Breakfast - 3
- Supermarkets – 1
- Roadhouses – 1
- Temporary food stalls and home production (includes all show events) – 43

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 Department of Health. The PMMG is actively involved in enhancing mosquito control, including use of aerial larvicide application. There were a total of 234 cases of Ross River Virus (RRV) in the Peel Region in the 2010/2011 season (WA Dept of Health), of which 2 cases were from Waroona. This is an increase from last season. There were a total of 4 cases of Barmah Forest Virus in the Peel region (WA Dept of Health), of which nil cases were from Waroona.

Mosquito numbers have increased over previous years mainly due to the La Nina Southern Oscillation Index (SOI) phenomenon which gives rise to higher tidal activity, therefore giving higher mosquito breeding sites as mosquitoes breed in settled water. The El Nino and La Nina Southern Oscillation Index phenomenon alternate approximately every 5 years.



Scene from Lake Clifton Fire January 2011

LEMC

The Shire's Local Emergency Management Committee (LEMC) had a busy year this season. In January this year the Lake Clifton township experienced a major bush-fire that destroyed 10 homes and damaged approximately 80 homes. Fortunately no lives were lost, but the recovery efforts are still continuing.

Ranger Services

Ranger Services has had a busy year this year. (See statistics table 2). Anti-social behaviour, littering and driving in the sand-dunes has been a constant problem at the Preston Beach township. The Casual Ranger hours have been increased to deal with the increased workload.

The Preston Beach signage was upgraded to reflect changes in departmental names and logos, changes in Council policy, and to replace the then existing weathered sign.

Council policy with respect to the use of all terrain vehicles such as quad-bikes on Preston Beach was amended to now state that no unauthorised all-terrain vehicles (quadbikes, 6x6 vehicles, and dune buggies) are permitted on the Preston Beach Foreshore.



Ranger Bobbi Wetnall

BUILDING SERVICES

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 growing (2011 – 166, 2010 - 145) and there is a continuing surge in approvals for dwellings, with (2011 – 44, 2010 - 36) which shows that the housing sector is continuing to grow. Many of these houses are being built in the Waroona townsite subdivisions and include a number of investment rental properties. (See Table 1.)

Capital upgrades to Shire buildings include a new fire shed for Preston Beach and the extension to the Shire office and Council chambers.

A Royalties for Regions grant application was submitted to replace the Shire's Administration building roof, and to also render the external walls so as to match the new section of the building. It is expected that this project will be completed in the next financial year.

The Shire's building assets maintenance plan is still ongoing following the annual maintenance report for minor repairs of the Shire's buildings. The Shire continues to tackle graffiti and there was an increase in vandalism, particularly at the Waroona Cricket Club, which is to have its security upgraded. This year saw the establishment of a Municipal Asset Register, starting with Shire of Waroona owned buildings; looking at asset life and replacement costs.

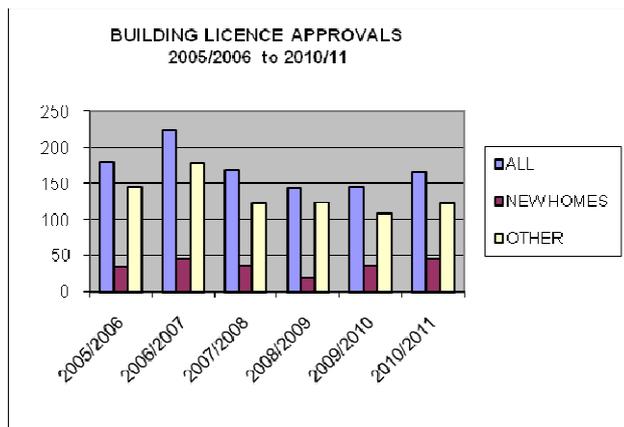


Table 1 – Building Licence Approvals

Buller Road Landfill Site

Investigations into the feasibility of a new Liquid Waste Stabilisation Pond are ongoing. The Shire's current liquid waste facility at the Buller Road Landfill site is operating beyond its design capacity. De-sludging by

an excavator may have also resulted in damage to the clay lining. Contractors are often turned away because the facility is full. The facility is in dire need of an upgrade. A new state of the art system is proposed that will be 'environmentally friendly' using HDPE pond liners and a biofilter wetland bed to prevent leaching into groundwater. This biofilter utilises vetiver grass to uptake the nutrients, preventing nutrient run-off. This new upgraded system will cater for annual waste quantity of 750,000 L which is more than adequate for local demand. The facility is currently closed until the further notice. Funding for this project is sought from a submitted Regional Royalties for Regions grant application, and is expected that this project will be completed in next financial year.

Departmental Statistics

Please note these statistics are from 28th March to 24 June 2011.

| ROUTINE | # | DETAILS |
|-------------------------------|----------|--|
| NUISANCE COMPLAINTS | 78 | Light spill, dog attack, dust/noise, dogs, sheep, pigs, goats, bush fire, personal access, and litter. |
| MONTHLY WATER SAMPLING | 35 | Potable water supply, public swimming pools. |
| INSPECTIONS | 27 | Food Prem, Footings /Slab, Building Maint. Septics. |
| APPROVALS | 2 | Food Premises |
| BUILDING LICENCE APPS | 46 | Dwellings, sheds, patios, pools, workshops. |
| MEETINGS/SEMINARS | 16 | DCU, PMMG, Synergy, Juvenile Just, Court, Bin Busters, LEMC, TPG (Alcoa), Coast swap, Events Assist, Asset Management. |
| DOG POUND HOLDINGS | 14 | Dogs |
| OTHER | 14 | DEC licence renewal, Stock WAL, Dog WAL, dog rehomed, dog missing, Ducklings saved, litter dumping, cat rehomed, owl rescued, injured kangaroos. |
| INFRINGEMENTS | # | DETAILS |
| DOG ACT | 28 | Dogs Wandering At Large (WAL) |
| LITTER ACT | 6 | Preston Beach, Building Sites |
| BUSHFIRES ACT | 3 | |
| LoGov ACT | 4 | Keeping of pigs, 401A LG (MP) Act 1960 |
| OFF ROAD VEHICLES ACT | 7 | Preston Beach |

MARK TAMBLYN
MANAGER ENVIRONMENTAL HEALTH & BUILDING SERVICES

RECREATION SERVICES

The centre has had a busy and successful year with steady numbers in the netball competition. We have had a variety of fitness programs on offer during the year and will be holding our Six Week Challenge leading into summer, to hopefully lead to more memberships in 2012 and beyond.

The Crèche is open during most of our Group Fitness Programs and this works well from Monday through to Friday.

The Centre ran some successful programs which included Rad Kidz on Monday nights. This was run with the help of a DSR grant of \$5,000 and is still going today thanks to the great efforts of our Fitness instructors.

Sadly, we lost a valued member of our staff to the new Pinjarra Pool. Glenn Paddick, one of our Duty Managers has taken on a Duty Managers role at Pinjarra mainly due to less distance to travel from his home in Mandurah.

Swim School

Emma Bateup is our new swimming teacher and is doing a fine job. Emma is both popular with children and parents alike with numbers steady throughout the year even though Pinjarra has opened. We still draw some children from Pinjarra because of Emma.



Staff Training

All of our staff are qualified and updates for Pool lifeguard and Group Fitness instructors are carried out annually. Finn Bombara has finished his Traineeship and has taken on the Duty Managers position. We have also taken on a new Trainee for the 2011/12 season and are pleased to welcome Trent Duzevich on board. Trent is already a qualified Personal Trainer so brings something new to the Centre.

Maintenance

Maintenance on the dry side was kept up to date throughout the year on all air-conditioners, leaky roofs, white ants, and general cleaning. Looking forward we have court one being replaced at a cost of some \$80,000 with a Royalties for Region grant, roof skylights replaced and tek screws replaced. We are also replacing our existing Solar System as the old one has passed its used by date. The cost of this project was \$57,900 of which \$15,000 paid for with a CSRFF grant. Our salt chlorinators have also been replaced at a cost of \$5,000 and after three weeks no chlorine has been used so big savings should follow in the cost of chlorine.



Spin Bikes at Rec Centre

Summary

I believe the 2010/11 season has been a successful one and I am pleased with my staffs' efforts throughout this period and with the improvements done at the Rec Centre I'm sure there will be substantial savings in the future.

| Year | No. of Patrons | Takings |
|-------------|-----------------------|----------------|
| 2009/10 | 98745 | \$217,719 |
| 2010/11 | 85086 | \$203,815 |

RON THOMAS
RECREATION SERVICES MANAGER

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.



Greg Delahunty and Louis Fouché

Staff Changes

Ross Davidson retired as Manager Planning Services, finishing on 13 August 2010. Louis Fouché commenced in this role on 8 August 2010.

Rhys Bloxside resigned from the Town Planner position, finishing on 26 November 2010. Greg Delahunty commenced in this position on 13 December 2010.

Nadine Aiberti resigned from the Planning Assistant position, finishing on 29 April 2011.

Appeals

In *Sharland v Shire of Waroona*, the applicants applied to the State Administrative Tribunal (SAT) on 16 July 2010 to review the Shire's decision of 22 June 2010 to refuse an application for Planning Consent to erect a Relocated Dwelling at 61 Mitchell Road, Preston Beach. After mediation, the SAT issued an order to the Shire on 22 December 2010 to grant Planning Consent for the application. The Planning Consent was issued on 16 December 2011.

In *Paramount Australia v Shire of Waroona*, the applicants applied on 8 June 2011 to the SAT to review Council's decision of 24 May 2011 to refuse a Third

Party Advertising Sign at 33 Wealand Road Waroona. The appeal was dealt with in the next financial year.

The two appeals dealt with translate to 2% of development applications dealt with by the Shire in the year, being appealed.

Town Planning Scheme Review

Work continued on the review of Town Planning Scheme No.7 in light of Reviews of the Model Scheme Text and the Town Planning Regulations.

An initial text amendment of Town Planning Scheme No.7 is envisaged prior to the full redrafting of the scheme. (Town Planning Scheme No.8).

Planning Policies

The drafting of two new Planning Policies commenced this financial year. The first policy is titled the Draft Hills Landscape Protection Policy and is intended to provide guidance for development in the Waroona Hills area in accordance with the Local Planning Strategy. Attention is given in the policy to development guidelines and road connections.

The second policy is titled the Draft Third Party Advertising Signs Adjacent to Primary Regional Roads. The purpose of his policy is to guide the control of third party advertising signs adjacent to the Forrest Highway, South Western Highway and Old Coast Road.

Municipal Heritage Inventory Review

Greg Delahunty commenced with an initial review of the Shire of Waroona Municipal Heritage Inventory. The project includes a review of the heritage places on the current inventory, a review of potential new places to be included on the list and the updating of photographs of the heritage places.

Preston Beach Townsite Strategy

The process to enable the preparation of a District Structure Plan for Preston Beach has continued in 2010/2011.

Liaison between Shire staff and representatives of the developers (Preston Beach Development Joint Venture Pty Ltd) resulted in the redrafting of the Preston Beach Townsite Strategy Project Brief and Steering Committee Terms of Reference.

The consultants appointed by the developers continued work in relation to key issues such as the environment, hydrology, bushfire and infrastructure.

Preparatory work was also done in order to recommence the work of the Steering Committee and Technical Advisory Group to the project in the next financial year

Continued Improvements

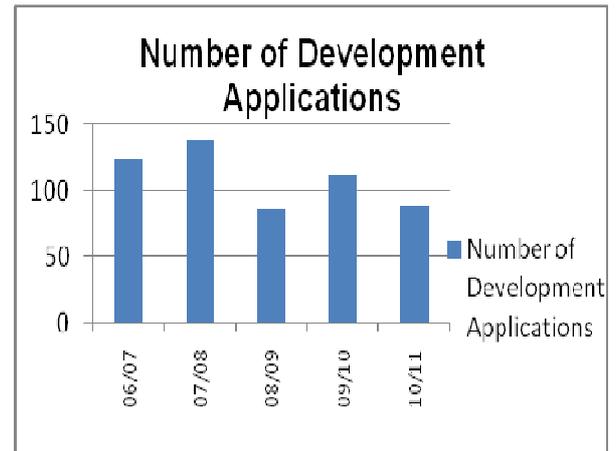
Weekly Development Control Unit (DCU) meetings and arranged Prelodgement meetings continue to make the development control process more efficient and coordinate the development assessment function of technical departments.

An application vetting process was introduced to review applications received in order to minimise delays in receiving necessary information to process applications.

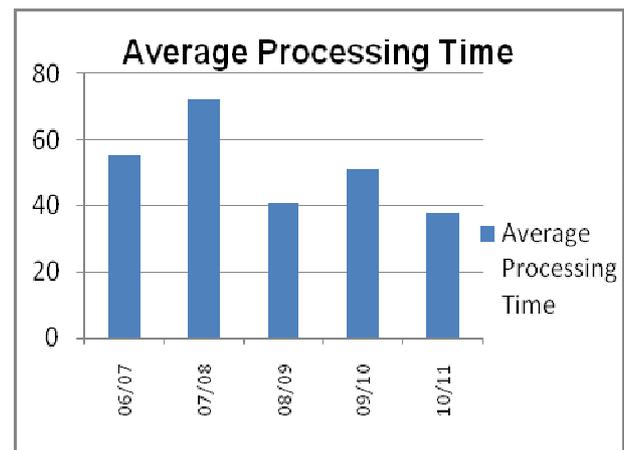
Attention was given to training of staff including new legislation such as the introduction of Development Assessment Panels and proposed changes to the Residential Design Codes.

The focus on operational improvements have generally paid dividends in the improvement in application processing times as can be noted in the following statistics and graphs.

Development Applications

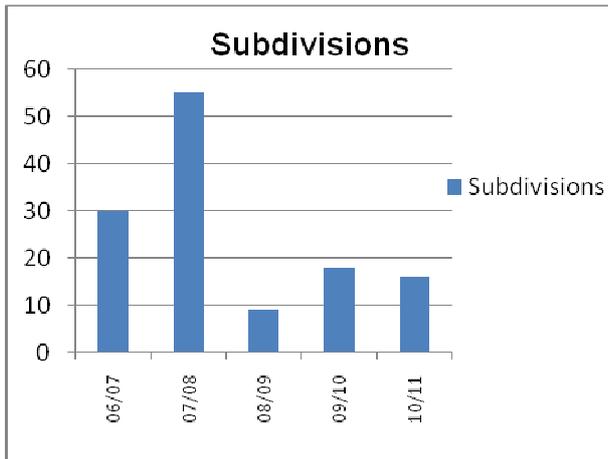


From the statistics for applications received for the year, it can be noted that development has not fully recovered from the effects of the Global Financial Crisis. Development applications received decreased from 91 to 88 (3%) on the previous year.

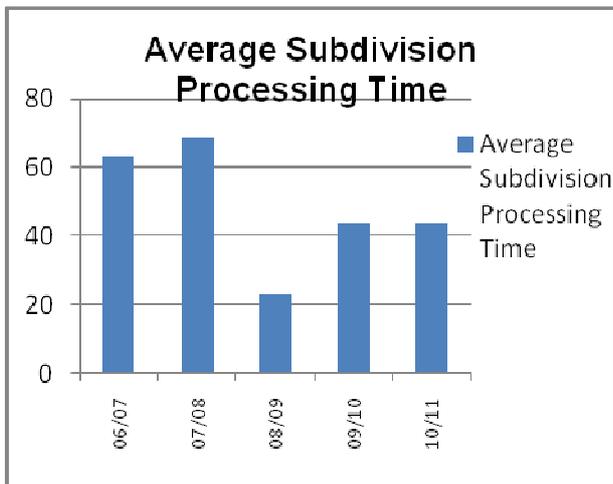


The average time to process a development application was 38.11 days. During the previous year the average processing time for a development application was 50.92 days. This translates to a 25% decrease in Development Assessment processing times.

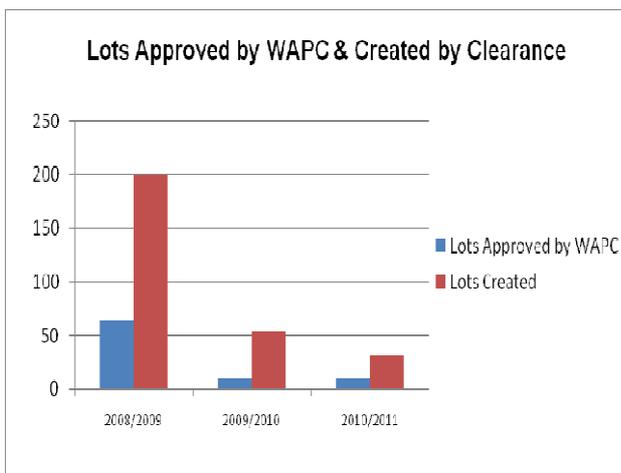
Subdivision Applications



Subdivision applications received decreased from 18 to 16 (11%) on the previous year.

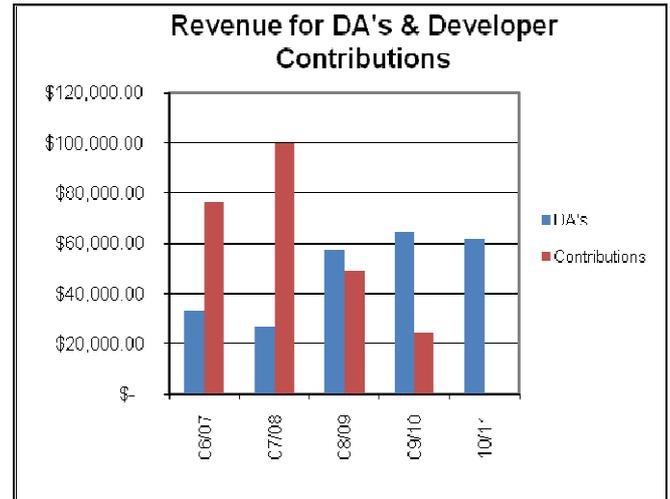


The average time to process a subdivision application was 44 days, which is the same as the previous year.



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 decreased from \$64,485 to \$61,326 (5%), while development contributions received decreased from \$24,562 to \$0 (100%).

Scheme Amendments

The schedule below indicates the details of Scheme amendments received and gazetted during 2010-2011:

| Scheme Amendments Received | | | |
|----------------------------|----------------------------------|---|------------------------|
| Amendment Number | Particulars of affected property | Summary of Proposal | Associated Date |
| 30 | Lot 32 Weir Road, Waroona | Rezone from Rural 4 – Hills Face to Rural 6 – Rural Residential | Received 17 March 2011 |

| Scheme Amendments Gazetted | | | |
|----------------------------|----------------------------------|---|-----------------|
| Amendment Number | Particulars of affected property | Summary of Proposal | Associated Date |
| 28 | Lot 195 Weir Road, Waroona | Rezone from Rural 4 – Hills Face to Rural 6 – Rural Residential | 1 October 2010 |

LOUIS FOUCHÉ
MANAGER PLANNING SERVICES

TECHNICAL SERVICES

The Shire of Waroona's Technical Services Department is responsible for the management, maintenance, renewal and construction of various assets including:

- Roads & Bridges
- Drainage
- Paths
- Parks & Gardens
- Plant & Machinery

These combine to present a challenging and at times, complex set of tasks each year. In 2010 – 2011 there were some added sources of pressure however, on the whole, the various annual programs were achieved and during the course of the year the addition of some new staff members began to see increased effort in areas that required attention.

Construction Program – Actual Costs

Roads to Recovery

- | | |
|---|-----------|
| • Buller Road (reform table drains and resheet) | \$82,065 |
| • McClure Road (reconstruct failed sections) | \$117,756 |

Blackspot

- | | |
|--|-----------|
| • James Road (reconstruct and realign curve) | \$159,793 |
|--|-----------|



James Road Blackspot

Regional Road Group

- | | |
|---|-----------|
| Peppermint Grove Road (widen to seven metre seal width) | \$195,001 |
|---|-----------|

Own Resources

- | | |
|---|----------|
| • Cox Place (reseal) | \$4,979 |
| • Williams Place (reseal) | \$4,797 |
| • Wass Street (reseal) | \$5,438 |
| • Fitzpatrick Street (reseal) | \$5,483 |
| • Tuart Court (asphalt reseal) | \$5,081 |
| • Knight Place (asphalt to cul de sac) | \$7,845 |
| • Somers Road (repair 300 metre failed section) | \$49,508 |
| • Hall Road (minor repairs) | \$2,695 |
| • Coronation Road (rural road signage program) | \$1,474 |

Urban Stormwater Drainage

- | | |
|-------------------|----------|
| • Fouracre Street | \$22,928 |
|-------------------|----------|

Other Infrastructure

- | | |
|--|-----------|
| • Fouracre Street Stage 1 (contract) | \$157,048 |
| • Fouracre Street Paving | \$69,643 |
| • Waroona Town Oval (remove old bowling green) | \$23,037 |
| • Waroona Town Oval (drainage modifications) | \$969 |

Road Network

No new roads were added to the Shire network for the period.

Plant Replacement

Plant replacement for 2010/2011 consisted of the purchase of a new four wheel drive tractor and trade of the previous unit. This tractor was intended to be used for general duties as well to power the newly purchased vegetation mulching unit for road verge maintenance works.

Works Program

The works program for the period was essentially completed as planned. The year saw some challenging projects take place and all were completed to a high standard.

The main capital project was the continuation of the Fouracre Street upgrade which saw the roadwork aspect completed and an extensive area of new brick paving installed as well as associated drainage works.

Townsite resealing continued with many streets completed however there remains more streets in need of treatment in coming years. A similar situation exists in the rural areas and planning commenced in the period to focus on critical areas in both rural and urban areas.

All projects which were funded by outside resources were completed, with the exception of James Road, where funds were carried forward to 2011/2012 so that a second coat seal can be applied, and McClure Road, which was deferred due to time and resource constraints.

Safety

Blackspot funds were expended on James Road to, in part, improve the geometry of a bend in the subject section which was substandard and had sufficient crash data to attract the Blackspot funding. The improvements are marked and to date officers have had no reports of additional accidents on that section of road.

The raised 'cushions' on Hill Street are performing well and are being monitored so that they can be reviewed after three years as per Council's request. The review is scheduled to take place in November 2012.

Drainage

Capital drainage works consisted of the installation of new drainage in Fouracre Street in conjunction with the works in that area. The new drainage vastly improves the drainage network in the vicinity and is an important aspect of the overall Fouracre Street upgrade.

Regular drainage maintenance continued throughout the year although much of the maintenance tasks are reactionary rather than scheduled. Towards the end of the period planning commenced to ultimately implement a more structured drainage maintenance program, and although it is recognised that a certain proportion of drainage maintenance will always be reactionary, the aim is to reduce the level of reactionary maintenance

through the implementation of a drainage maintenance schedule.

Rural Reconstruction

Somers Road

A three hundred metre section of Somers Road which had failed was reconstructed to its original extents

Buller Road

A further one kilometre section of Buller Road was reconstructed by reshaping the formation, reinstating table drains and resheeting with gravel



Buller Road Resheeting

Peppermint Grove Road

1.3 kilometres of Peppermint Grove Road was widened to a seven metre seal with one metre shoulders.

Parks and Gardens

Main Ovals

Oval maintenance continues, and with the commencement of a new Parks and Gardens coordinator during the year, improvements are expected to continue as a result of concerted and consistent effort by the Parks team under the leadership of the coordinator. With pump issues resolved in the previous year, watering is no longer an issue.

The redundant bowling green in the south east corner of the Waroona Football oval area was removed late in the year, and the rehabilitation of the area continues. The extra space realised by the removal of the green will be welcome, especially at show time and, it's anticipated, during the coming football season, as well

as in general. New fencing was also installed once the green was removed.

Verge Mowing

Verge mowing continues and effort is improving with greater emphasis on scheduling being introduced, resulting in a more efficient operation and greater output by the existing crew.

Preston Beach

A greater effort has been directed at Preston Beach in recognition of its iconic location and as an attractor for visitors and tourists.

Hamel

Parks and Gardens personnel attend to Hamel parks maintenance once per fortnight.

Contract Areas

Contract areas remain the Main Street Gardens, Shire Office, Community Centre, Tourist Information Centre, Cemetery and Recreation Centre. The exact extents of the contract areas have been reviewed and confirmed by the Parks and Gardens Coordinator to ensure that there is no 'doubling up' of effort by the contract crew and the internal crew, which was happening to some extent previously. This has resulted in more efficient operations.

Staff

The period saw substantial 'outside' staff turnover

Departing

- Ted Kewley resigned July 2010
- Vance Thompson resigned June 2011
- Ron Holmes resigned September 2010
- Renee Green resigned April 2011

Commencing

- Juanita Musgrave commenced November 2010
- Tony Sayer commenced November 2010
- Steven Ferraro commenced June 2011

Steven Barnes, Renee Green's replacement as Parks and Gardens Coordinator, commenced in July of the new financial year.

The previous Director of Technical Services, Mr Paul Webb, also left the shire in March 2011 to take up a similar role with the Shire of Coolgardie. A consultant, Mr Patrick Steinbacher, was engaged following Mr

Webb's departure on a part time basis while the position of Director was advertised. Ultimately the position was not filled and the decision was then taken to advertise for a full time Manager of Works and Services while retaining Mr Steinbacher's services for a further twelve month period on a two day per week basis.

Although the appointment occurred outside the reporting period, being in early 2011/2012, Mr Murry Bracknell was the successful applicant for the position of Manager Works and Services.

The level of staff turnover for the period is seen to be relatively high. The reasons behind this are many and varied although overall, upon reflection the staff may have experience higher than normal levels of uncertainty due (partly) to a lack of managerial direction for some of the year, as the position of Manager Works and Services was not filled for much of it.

It is hoped that, in the future, much of this uncertainty is addressed through strong, consistent management and more structured processes and planning.

Conclusion

The ability to essentially complete the works program and continue effective maintenance practices through a year which saw relatively high staff turnover and limited and changing managerial stocks (within the Technical Services Department) is a credit to the efforts of the outside staff.

It is pleasing that virtually all grant monies directed to the department were expended, and the work that was completed remained to a high standard. There are still challenges to be surmounted, however as we progress into the future we do so with confidence with a (nearly) complete management team and a full complement of outside staff with a view to expanding our numbers to take on the multitude of tasks that confront us and dealing with them more efficiently, with better outcomes and ultimately a better service to the ratepayers of the Shire of Waroona.

PATRICK STEINBACHER
CONSULTANT DIRECTOR TECHNICAL SERVICES

FINANCIAL REPORT - SEE SECTION B

AUDITOR'S REPORT - SEE SECTION C



SHIRE OF WAROONA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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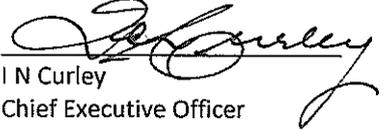
SHIRE OF WAROONA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Waroona at 30th June 2011 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* 2011


I N Curley
Chief Executive Officer

SHIRE OF WAROONA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2011

| | NOTE | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---|------|-----------------------|-----------------------|-------------------------|
| REVENUE | | | | |
| Rates | 22 | 2,770,434 | 2,777,535 | 2,619,845 |
| Operating Grants, Subsidies and Contributions | 28 | 1,488,741 | 1,697,877 | 1,550,363 |
| Fees and Charges | 27 | 1,125,642 | 1,006,242 | 1,047,824 |
| Service Charges | 24 | 0 | 0 | 0 |
| Interest Earnings | 2(a) | 165,613 | 136,000 | 171,213 |
| Other Revenue | | <u>85,571</u> | <u>91,200</u> | <u>97,804</u> |
| | | 5,636,001 | 5,708,854 | 5,487,049 |
| EXPENSES | | | | |
| Employee Costs | | (2,505,223) | (2,624,175) | (2,478,405) |
| Materials and Contracts | | (1,534,621) | (1,905,518) | (1,504,344) |
| Utility Charges | | (316,855) | (312,035) | (317,783) |
| Depreciation on Non-Current Assets | 2(a) | (2,063,738) | (1,314,495) | (1,874,062) |
| Interest Expenses | 2(a) | (26,604) | (27,198) | (30,716) |
| Insurance Expenses | | (172,555) | (178,028) | (159,255) |
| Other Expenditure | | <u>(32,275)</u> | <u>(182,815)</u> | <u>(169,145)</u> |
| | | (6,651,871) | (6,544,264) | (6,533,710) |
| | | (1,015,870) | (835,410) | (1,046,661) |
| Non-Operating Grants, Subsidies and Contributions | 28 | 1,266,876 | 1,061,352 | 895,063 |
| Fair value adjustments to financial assets at fair value through profit or loss | 2(a) | 0 | 0 | 0 |
| Profit on Asset Disposals | 20 | 18,227 | 40,000 | 30,000 |
| Loss on Asset Disposals | 20 | <u>(57,611)</u> | <u>(50,501)</u> | <u>(46,064)</u> |
| NET RESULT | | 211,622 | 215,441 | (167,662) |
| Other Comprehensive Income | | | | |
| Changes on revaluation of non-current assets | | 0 | 0 | 5,992,197 |
| Total Other Comprehensive Income | | 0 | 0 | 5,992,197 |
| TOTAL COMPREHENSIVE INCOME | | <u><u>211,622</u></u> | <u><u>215,441</u></u> | <u><u>5,824,535</u></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 2011

| | NOTE | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|--|-------|----------------|----------------------|------------------|
| REVENUE | | | | |
| Governance | | 3,987,456 | 139,970 | 149,048 |
| General Purpose Funding | | 138,839 | 4,245,352 | 3,779,297 |
| Law, Order, Public Safety | | 206,200 | 51,514 | 81,431 |
| Health | | 52,349 | 44,750 | 24,574 |
| Education and Welfare | | 40,467 | 31,160 | 50,768 |
| Housing | | 13,520 | 13,620 | 13,520 |
| Community Amenities | | 884,729 | 845,691 | 927,200 |
| Recreation and Culture | | 739,416 | 711,863 | 476,907 |
| Transport | | 542,539 | 590,311 | 659,684 |
| Economic Services | | 110,958 | 80,540 | 179,278 |
| Other Property and Services | | 204,633 | 35,000 | 70,405 |
| | 2 (a) | 6,921,106 | 6,789,771 | 6,412,112 |
| EXPENSES EXCLUDING FINANCE COSTS | | | | |
| Governance | | (97,287) | (621,792) | (898,245) |
| General Purpose Funding | | (834,696) | (909,256) | (94,699) |
| Law, Order, Public Safety | | (234,737) | (145,203) | (178,913) |
| Health | | (271,264) | (276,651) | (224,662) |
| Education and Welfare | | (104,212) | (135,869) | (115,842) |
| Housing | | (26,453) | (23,268) | (20,320) |
| Community Amenities | | (1,221,810) | (1,179,276) | (1,259,962) |
| Recreation & Culture | | (1,319,490) | (1,226,732) | (1,193,087) |
| Transport | | (2,092,322) | (1,644,748) | (2,043,316) |
| Economic Services | | (349,774) | (366,743) | (426,459) |
| Other Property and Services | | (131,447) | (17,595) | (93,671) |
| | 2 (a) | (6,683,492) | (6,547,133) | (6,549,176) |
| FINANCE COSTS | | | | |
| Recreation & Culture | | (23,492) | (23,452) | (25,501) |
| Transport | | (2,500) | (3,745) | (5,097) |
| | 2 (a) | (25,992) | (27,197) | (30,598) |
| NET RESULT | | 211,622 | 215,441 | (167,662) |
| Other Comprehensive Income | | | | |
| Changes on revaluation of non-current assets | | 0 | 0 | 5,992,197 |
| Total Other Comprehensive Income | | 0 | 0 | 5,992,197 |
| TOTAL COMPREHENSIVE INCOME | | 211,622 | 215,441 | 5,824,535 |

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

**SHIRE OF WAROONA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2011**

| | NOTE | 2011 \$ | 2010 \$ |
|--------------------------------------|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 1,928,088 | 2,749,382 |
| Trade and Other Receivables | 4 | 315,787 | 225,637 |
| Inventories | 5 | 10,852 | 10,355 |
| TOTAL CURRENT ASSETS | | <u>2,254,727</u> | <u>2,985,374</u> |
| NON-CURRENT ASSETS | | | |
| Other Receivables | 4 | 63,048 | 81,778 |
| Inventories | 5 | 0 | 0 |
| Property, Plant and Equipment | 6 | 25,960,397 | 25,209,269 |
| Infrastructure | 7 | 65,644,555 | 65,837,007 |
| TOTAL NON-CURRENT ASSETS | | <u>91,668,000</u> | <u>91,128,054</u> |
| TOTAL ASSETS | | <u>93,922,727</u> | <u>94,113,428</u> |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 8 | 227,638 | 489,365 |
| Long Term Borrowings | 9 | 47,920 | 55,142 |
| Provisions | 10 | 429,490 | 551,425 |
| TOTAL CURRENT LIABILITIES | | <u>705,048</u> | <u>1,095,932</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Borrowings | 9 | 324,958 | 372,878 |
| Provisions | 10 | 56,391 | 19,908 |
| TOTAL NON-CURRENT LIABILITIES | | <u>381,349</u> | <u>392,786</u> |
| TOTAL LIABILITIES | | <u>1,086,397</u> | <u>1,488,718</u> |
| NET ASSETS | | <u>92,836,330</u> | <u>92,624,710</u> |
| EQUITY | | | |
| Retained Surplus | | 15,375,035 | 14,554,676 |
| Reserves - Cash Backed | 11 | 1,504,047 | 2,112,784 |
| Reserves - Asset Revaluation | 12 | 75,957,248 | 75,957,248 |
| TOTAL EQUITY | | <u>92,836,330</u> | <u>92,624,708</u> |

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 2011

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH/ INVESTMENT BACKED \$ | ASSET REVALUATION RESERVE \$ | TOTAL EQUITY \$ |
|-----------------------------------|------|---------------------------|---|---------------------------------------|-----------------------|
| Balance as at 1 July 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 |
| Net Result | | 211,622 | 0 | 0 | 211,622 |
| Total Other Comprehensive Income | | 0 | 0 | 0 | 0 |
| Reserve Transfers | | 608,737 | (608,737) | 0 | 0 |
| Balance as at 30 June 2011 | | 15,375,035 | 1,504,047 | 75,957,248 | 92,836,330 |

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 2011**

| | NOTE | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---|-------|-------------------------|-------------------------|-------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 2,681,119 | 2,761,345 | 2,605,477 |
| Operating Grants, Subsidies and Contributions | | 1,488,741 | 1,697,877 | 1,550,363 |
| Fees and Charges | | 1,125,642 | 921,513 | 1,019,594 |
| Service Charges | | 0 | 0 | 0 |
| Interest Earnings | | 165,613 | 136,000 | 171,213 |
| Goods and Services Tax | | 136,000 | 124,000 | 125,000 |
| Other Revenue | | 85,574 | 91,200 | 97,804 |
| | | <u>5,682,689</u> | <u>5,731,935</u> | <u>5,569,451</u> |
| Payments | | | | |
| Employee Costs | | (2,581,529) | (2,710,911) | (2,471,323) |
| Materials and Contracts | | (1,805,346) | (1,923,164) | (1,569,527) |
| Utility Charges | | (316,855) | (312,035) | (317,783) |
| Insurance Expenses | | (172,555) | (178,028) | (159,255) |
| Interest Expenses | | (27,254) | (27,198) | (31,943) |
| Goods and Services Tax | | (136,000) | (124,000) | (125,000) |
| Other Expenditure | | (32,276) | (182,816) | (169,145) |
| | | <u>(5,071,815)</u> | <u>(5,458,152)</u> | <u>(4,843,976)</u> |
| Net Cash Provided By (Used In) Operating Activities | 13(b) | <u>610,874</u> | <u>273,783</u> | <u>725,475</u> |
| Cash Flows from Investing Activities | | | | |
| Payments for Purchase of | | | | |
| Property, Plant & Equipment | | (1,469,828) | (1,504,748) | (1,151,410) |
| Payments for Construction of | | | | |
| Infrastructure | | (1,385,651) | (1,480,804) | (1,657,940) |
| Advances to Community Groups | | 0 | (20,000) | (15,000) |
| Payments for Purchase of Investments | | 0 | 0 | 0 |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | | | | |
| Proceeds from Sale of Plant & Equipment | | 1,266,876 | 1,061,352 | 895,036 |
| Proceeds from Advances | | 193,682 | 229,500 | 199,771 |
| | | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Cash Provided By (Used In) Investing Activities | | <u>(1,394,921)</u> | <u>(1,714,700)</u> | <u>(1,729,543)</u> |
| Cash Flows from Financing Activities | | | | |
| Repayment of Debentures | | (55,144) | (55,149) | (51,742) |
| Repayment of Finance Leases | | 0 | 0 | 0 |
| Proceeds from Low Interest | | 3,000 | 3,000 | 2,000 |
| Proceeds from Self Supporting Loans | | 14,897 | 14,897 | 12,114 |
| Proceeds from New Debentures | | 0 | 0 | 0 |
| Net Cash Provided By (Used In) Financing Activities | | <u>(37,247)</u> | <u>(37,252)</u> | <u>(37,628)</u> |
| Net Increase (Decrease) in Cash Held | | (821,294) | (1,478,169) | (1,041,696) |
| Cash at Beginning of Year | | 2,749,382 | 2,749,352 | 3,791,078 |
| Cash and Cash Equivalents at the End of the Year | 13(a) | <u><u>1,928,088</u></u> | <u><u>1,271,183</u></u> | <u><u>2,749,382</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 2011**

| | NOTE | 2011 \$ | Budget 2011 \$ |
|--|------|--------------------|----------------------|
| REVENUE | | | |
| Governance | | 138,839 | 139,970 |
| General Purpose Funding | | 1,217,022 | 1,467,817 |
| Law, Order, Public Safety | | 206,200 | 51,514 |
| Health | | 52,349 | 44,750 |
| Education and Welfare | | 40,467 | 31,160 |
| Housing | | 13,520 | 13,620 |
| Community Amenities | | 884,729 | 845,691 |
| Recreation and Culture | | 739,416 | 711,863 |
| Transport | | 542,539 | 610,746 |
| Economic Services | | 110,987 | 80,540 |
| Other Property and Services | | <u>204,633</u> | <u>35,000</u> |
| | | 4,150,701 | 4,032,671 |
| EXPENSES | | | |
| Governance | | (834,696) | (621,792) |
| General Purpose Funding | | (97,286) | (909,256) |
| Law, Order, Public Safety | | (234,737) | (145,203) |
| Health | | (271,264) | (276,651) |
| Education and Welfare | | (104,212) | (135,869) |
| Housing | | (26,453) | (23,268) |
| Community Amenities | | (1,221,810) | (1,179,276) |
| Recreation & Culture | | (1,342,981) | (1,250,184) |
| Transport | | (2,094,822) | (1,668,928) |
| Economic Services | | (349,774) | (366,743) |
| Other Property and Services | | <u>(131,447)</u> | <u>(17,595)</u> |
| | | (6,709,482) | (6,594,765) |
| Net Operating Result Excluding Rates | | (2,558,781) | (2,562,094) |
| Adjustments for Cash Budget Requirements: | | | |
| Non-Cash Expenditure and Revenue | | | |
| (Profit)/Loss on Asset Disposals | | 39,383 | 10,501 |
| Movement in Employee Benefit Provisions | | (85,454) | (91,735) |
| Depreciation and Amortisation on Assets | | 2,063,738 | 1,314,495 |
| Capital Expenditure and Revenue | | | |
| Purchase Land Held for Resale | | 0 | 0 |
| Purchase Land and Buildings | | (923,845) | (994,970) |
| Purchase Infrastructure Assets - Roads | | (642,389) | (653,550) |
| Purchase Infrastructure Assets - Other | | (743,262) | (827,254) |
| Purchase Plant and Equipment | | (469,489) | (433,128) |
| Purchase Furniture and Equipment | | (76,494) | (76,650) |
| Low Interest Loan Principal | | 5,000 | 3,000 |
| Self Supporting Loan Principal Income | | 12,897 | 14,897 |
| Proceeds from Disposal of Assets | | 193,682 | 229,500 |
| Repayment of Debentures | | (55,144) | (55,149) |
| Advances to Community Groups | | 0 | (20,000) |
| Unspent Grants B/fwd | | 108,000 | 88,000 |
| Unspent Grants C/fwd | | (62,560) | 0 |
| Transfers to Reserves (Restricted Assets) | | (146,211) | (16,650) |
| Transfers from Reserves (Restricted Assets) | | 754,949 | 1,015,954 |
| ADD Estimated Surplus/(Deficit) July 1 B/Fwd | | 257,298 | 277,298 |
| LESS Estimated Surplus/(Deficit) June 30 C/Fwd | | 441,752 | 0 |
| Amount Required to be Raised from Rates | 22 | <u>(2,770,434)</u> | <u>(2,777,535)</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 2011

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 statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

The report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that 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 which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

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

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

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

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

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

(f) Inventories

General

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

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

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories (Continued)

Land Held for Resale

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional 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

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

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 the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

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.

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

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

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$800 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount in which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and

(d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

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

If the 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.

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity, nor fixed or determinable.

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) Estimation of Fair Value

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

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

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

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

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

(j) Impairment

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

Where such an indication exists, an 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.

(k) Trade and Other Payables

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

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee Benefits

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

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

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

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

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

(m) Borrowing Costs

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

(n) Provisions

Provisions are recognised when:

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

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

Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(p) Joint Venture

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

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Rates, Grants, Donations and Other Contributions

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

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

(r) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees.

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 2011.

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

| Title and Topic | Issued | Applicable (*) | Impact |
|--|---------------|-----------------|--|
| (i) AASB 9 – Financial Instruments | December 2009 | 01 January 2013 | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect. |
| (ii) AASB 124 – Related Party Disclosures | December 2009 | 01 January 2011 | Nil – It is not anticipated the Council will have any related parties as defined by the Standard. |
| (iii) AASB 1053 - Application of Tiers of Australian Accounting Standards | June 2010 | 01 July 2013 | Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements. |
| (iv) 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. |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|---|---------------|-----------------|---|
| (v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] | December 2009 | 01 January 2013 | Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above). |
| (vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] | June 2010 | 01 July 2013 | Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements. |
| (vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13] | June 2010 | 01 January 2011 | 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. |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|---|---------------|-----------------------|--|
| (viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] | October 2010 | 01 January 2011 | Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council. |
| (ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7] | November 2010 | 01 July 2011 | Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers. |
| (x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [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 2010 | 01 January 2013 | Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above). |
| (xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7] | December 2010 | 01 January 2012 | 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. |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| Title and Topic | Issued | Applicable (*) | Impact |
|---|---------------|-----------------|--|
| (xi) (Continued) | | | |
| AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] | December 2010 | 01 July 2011 | 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 2009- 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] | December 2009 | 01 January 2011 | |
| AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7] | December 2010 | 01 January 2013 | |

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 2011

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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.

These new and revised standards were:

AASB 2009 - 5
AASB 2009 - 8
AASB 2009 - 10
AASB 2009 - 13
AASB 2010 - 1
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES

2011 **2010**
\$ **\$**

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

Significant Expense

 0 0

This significant expense in both years relates to

Auditors Remuneration

| | | |
|------------------|-------|-------|
| - Audit | 8,980 | 9,700 |
| - Other Services | 860 | 940 |

Depreciation

| | | |
|-------------------------|-----------|-----------|
| Buildings | 218,320 | 133,982 |
| Furniture and Equipment | 50,634 | 47,613 |
| Plant and Equipment | 216,681 | 186,534 |
| Roads | 1,334,168 | 1,308,472 |
| Other Infrastructure | 243,935 | 197,461 |

 2,063,738 1,874,062

Interest Expenses (Finance Costs)

| | | |
|--|---------------|---------------|
| Finance Lease Charges | 0 | 0 |
| Debentures (<i>refer Note 21(a)</i>) | 26,604 | 30,716 |
| | <u>26,604</u> | <u>30,716</u> |

Rental Charges

| | | |
|--------------------|---|---|
| - Operating Leases | 0 | 0 |
|--------------------|---|---|

(ii) Crediting as Revenue:

| | | | |
|--|-------------|---------------|-------------|
| | 2011 | 2011 | 2010 |
| | \$ | Budget | \$ |
| | | \$ | |

Interest Earnings

| | | |
|---|----------------|----------------|
| Investments | | |
| - Reserve Funds | 106,092 | 80,000 |
| - Other Funds | 34,574 | 38,000 |
| Other Interest Revenue (<i>refer note 25</i>) | 24,947 | 18,000 |
| | <u>165,613</u> | <u>136,000</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objectives

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 cemetery, 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 2011

2. REVENUE AND EXPENSES (Continued)

| (c) Conditions Over Grants/Contributions | Opening | | 2009/10 | | 2010/11 | | Closing | |
|---|----------------|--------------|------------------|----------------|---------------|------------------|---------------|--|
| | Balance (*) | Received (+) | Expended (#) | Balance (*) | Received (+) | Expended (#) | Balance | |
| Function/ Activity | 1-Jul-09 | 2009/10 | 2009/10 | 30-Jun-10 | 2010/11 | 2010/11 | 30-Jun-11 | |
| Grant/Contribution | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Royalties For Regions 2008/09 | 491,995 | | (411,995) | 80,000 | | (80,000) | 0 | |
| RLCIP 2008/09 | 16,157 | | (16,157) | 0 | | | 0 | |
| Office of Crime Prevention | 19,995 | | (19,995) | 0 | | | 0 | |
| Royalties for Regions Capital Fwd Works Plan | 28,000 | | 0 | 28,000 | | (10,155) | 17,845 | |
| South West Coatchment Council - Hamel Weed Spraying | | | | 0 | 7,500 | | 7,500 | |
| Office of Crime Prevention | | | | 0 | 20,000 | | 20,000 | |
| Westpac Grant - Lake Clifton Fire Tank | | | | 0 | 15,000 | (10,000) | 5,000 | |
| Drakesbrook Weir | | | | 0 | 12,215 | | 12,215 | |
| Total | 556,147 | 0 | (448,147) | 108,000 | 54,715 | (100,155) | 62,560 | |

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 2011

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| 3. CASH AND CASH EQUIVALENTS | | |
| Unrestricted | 361,482 | 528,599 |
| Restricted | 1,566,606 | 2,220,783 |
| | <u>1,928,088</u> | <u>2,749,382</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| Sporting Reserve | 70,950 | 57,871 |
| Building Asset Maintenance Reserve | 46,206 | 43,605 |
| Drakesbrook Weir Redevelopment Reserve | 60,317 | 203,136 |
| Rec Centre Building Maintenance Reserve | 84,300 | 79,555 |
| Emergency Reserve | 13,775 | 13,000 |
| Industrial Land Reserve | 181,193 | 170,994 |
| Information Technology Reserve | 21,206 | 20,012 |
| Plant Reserve | 452,811 | 502,960 |
| Long Service Leave Reserve | 84,192 | 79,453 |
| Town Centre Development Reserve | 0 | 8,041 |
| Waste Management Reserve | 172,422 | 162,717 |
| Admin Centre Reserve ³ | 182,811 | 639,915 |
| Hamel Hall Amenities Reserve | 36,438 | 57,036 |
| Preston Volunteer Rangers Reserve | 27,447 | 27,323 |
| Footpath Construction Reserve | 23,487 | 22,165 |
| Works Depot Redevelopment | 26,491 | 25,000 |
| Strategic Planning Reserve | 20,000 | 0 |
| Unspent Grants | 62,560 | 108,000 |
| | <u>1,566,606</u> | <u>2,220,783</u> |
| 4. TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Rates Outstanding | 106,961 | 63,356 |
| Sundry Debtors | 188,994 | 136,790 |
| GST Receivable | 0 | 0 |
| Accrued Income | 1,100 | 7,594 |
| Loans - Self Supporting | 13,732 | 12,897 |
| Loans - Low Interest | 5,000 | 5,000 |
| | <u>315,787</u> | <u>225,637</u> |
| Non-Current | | |
| Rates Outstanding - Pensioners | 0 | 0 |
| Loans - Self Supporting | 50,048 | 63,778 |
| Loans - Low Interest | 13,000 | 18,000 |
| | <u>63,048</u> | <u>81,778</u> |
| 5. INVENTORIES | | |
| Current | | |
| Fuel and Materials | 6,384 | 4,689 |
| Kiosk | 4,468 | 5,666 |
| | <u>10,852</u> | <u>10,355</u> |
| Non-Current | | |
| Fuel and Materials | 0 | 0 |
| Kiosk | 0 | 0 |
| | <u>0</u> | <u>0</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 | 2010 |
|---|--------------------|--------------------|
| | \$ | \$ |
| 6. PROPERTY, PLANT AND EQUIPMENT | | |
| Land - Valuation AVP (2010) | 12,558,365 | 12,409,300 |
| Buildings - Valuation AVP (2010) | 12,218,712 | 11,443,932 |
| Less Accumulated Depreciation | <u>(218,320)</u> | <u>0</u> |
| | 24,558,757 | 23,853,232 |
| | | |
| Furniture and Equipment - Cost | 495,204 | 418,709 |
| Less Accumulated Depreciation | <u>(297,030)</u> | <u>(246,397)</u> |
| | 198,174 | 172,312 |
| | | |
| Plant and Equipment - Cost | 2,650,599 | 2,482,814 |
| Less Accumulated Depreciation | <u>(1,450,474)</u> | <u>(1,302,430)</u> |
| | 1,200,125 | 1,180,384 |
| | | |
| Tools | 3,454 | 3,454 |
| Less Accumulated Amortisation | <u>(113)</u> | <u>(113)</u> |
| | 3,341 | 3,341 |
| | <u>25,960,397</u> | <u>25,209,269</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land \$ | Buildings \$ | Furniture & Equipment \$ | Plant & Equipment \$ | Tools \$ | Total \$ |
|------------------------------------|-------------------|-------------------|-----------------------------------|-------------------------------|--------------|-------------------|
| Balance as at 01 July 2010 | 12,409,300 | 11,443,932 | 172,312 | 1,180,384 | 3,341 | 25,209,269 |
| Additions | 149,065 | 774,780 | 76,494 | 469,489 | 0 | 1,469,828 |
| (Disposals) | 0 | 0 | 0 | (301,703) | 0 | (301,703) |
| Revaluation - Increments | 0 | 0 | 0 | 0 | 0 | 0 |
| - (Decrements) | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment - (losses) | 0 | 0 | 0 | 0 | 0 | 0 |
| - reversals | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation (Expense) | 0 | (218,320) | (50,634) | (148,045) | 0 | (416,999) |
| | | | | | | 0 |
| Carrying amount at the end of year | <u>12,558,365</u> | <u>12,000,392</u> | <u>198,172</u> | <u>1,200,125</u> | <u>3,341</u> | <u>25,960,395</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 | 2010 |
|-------------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| 7. INFRASTRUCTURE | | |
| Roads - Fair Value | 88,241,259 | 87,598,870 |
| Less Accumulated Depreciation | <u>(33,213,829)</u> | <u>(31,879,661)</u> |
| | 55,027,430 | 55,719,209 |
| Infrastructure (Other) - Fair Value | 10,861,061 | 10,117,798 |
| Less Accumulated Depreciation | <u>(243,936)</u> | <u>0</u> |
| | 10,617,125 | 10,117,798 |
| | <u><u>65,644,555</u></u> | <u><u>65,837,007</u></u> |

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

This policy also accords with AASB 116.

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

| | Infrastructure - Roads \$ | Infrastructure - Other \$ | Total \$ |
|---|---------------------------------|---------------------------------|--------------------------|
| Balance as at 01 July 2010 | 55,719,209 | 10,117,797 | 65,837,006 |
| Additions | 642,389 | 743,263 | 1,385,652 |
| (Disposals) | 0 | 0 | 0 |
| Revaluation - Increments - (Decrements) | 0 | 0 | 0 |
| Impairment - (losses) - reversals | 0 | 0 | 0 |
| Depreciation (Expense) | (1,334,168) | (243,936) | (1,578,104) |
| Carrying amount at the end of year | <u>55,027,430</u> | <u>10,617,124</u> | <u>65,644,554</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 194,735 | 471,138 |
| Accrued Interest on Debentures | 3,941 | 4,589 |
| GST Income | 0 | -1,227 |
| Accrued Expense - Materials/Contracts | 19,813 | 14,865 |
| Accrued Salaries and Wages | 9,149 | 0 |
| | <u>227,638</u> | <u>489,365</u> |
| 9. LONG-TERM BORROWINGS | | |
| Current | | |
| Secured by Floating Charge Debentures | 47,920 | 55,142 |
| | <u>47,920</u> | <u>55,142</u> |
| Non-Current | | |
| Secured by Floating Charge Debentures | 324,958 | 372,878 |
| | <u>324,958</u> | <u>372,878</u> |
| Additional detail on borrowings is provided in Note 21. | | |
| 10. PROVISIONS | | |
| Current | | |
| Provision for Annual Leave | 231,876 | 241,342 |
| Provision for Long Service Leave | 197,614 | 310,083 |
| | <u>429,490</u> | <u>551,425</u> |
| Non-Current | | |
| Provision for Long Service Leave | 56,391 | 19,908 |
| | <u>56,391</u> | <u>19,908</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---|----------------|----------------------|----------------|
| 11. RESERVES - CASH BACKED | | | |
| (a) Sporting Reserve | | | |
| Opening Balance | 57,871 | 57,871 | 57,655 |
| Amount Set Aside / Transfer to Reserve | 13,079 | 6,250 | 15,216 |
| Amount Used / Transfer from Reserve | 0 | (20,000) | (15,000) |
| | <u>70,950</u> | <u>44,121</u> | <u>57,871</u> |
| (b) Building Asset Maintenance | | | |
| Opening Balance | 43,605 | 43,605 | 41,630 |
| Amount Set Aside / Transfer to Reserve | 2,601 | 0 | 1,975 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>46,206</u> | <u>43,605</u> | <u>43,605</u> |
| (c) Drakesbrook Weir Development | | | |
| Opening Balance | 203,136 | 203,136 | 193,934 |
| Amount Set Aside / Transfer to Reserve | 10,664 | 0 | 9,202 |
| Amount Used / Transfer from Reserve | (153,483) | (204,000) | 0 |
| | <u>60,317</u> | <u>(864)</u> | <u>203,136</u> |
| (d) Rec Centre Building Reserve | | | |
| Opening Balance | 79,555 | 79,555 | 75,951 |
| Amount Set Aside / Transfer to Reserve | 4,745 | 0 | 3,604 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>84,300</u> | <u>79,555</u> | <u>79,555</u> |
| (e) Emergency Reserve | | | |
| Opening Balance | 13,000 | 13,000 | 12,411 |
| Amount Set Aside / Transfer to Reserve | 775 | 0 | 589 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>13,775</u> | <u>13,000</u> | <u>13,000</u> |
| (f) Preston Volunteer Rangers | | | |
| Opening Balance | 27,323 | 27,323 | 16,410 |
| Amount Set Aside / Transfer to Reserve | 12,124 | 10,400 | 10,913 |
| Amount Used / Transfer from Reserve | (12,000) | (12,000) | 0 |
| | <u>27,447</u> | <u>25,723</u> | <u>27,323</u> |
| (g) Industrial Land Development | | | |
| Opening Balance | 170,994 | 170,994 | 163,248 |
| Amount Set Aside / Transfer to Reserve | 10,199 | 0 | 7,746 |
| Amount Used / Transfer from Reserve | 0 | 0 | 0 |
| | <u>181,193</u> | <u>170,994</u> | <u>170,994</u> |
| (h) Information Technology | | | |
| Opening Balance | 20,012 | 20,012 | 19,105 |
| Amount Set Aside / Transfer to Reserve | 1,194 | 0 | 907 |
| Amount Used / Transfer from Reserve | 0 | (8,000) | 0 |
| | <u>21,206</u> | <u>12,012</u> | <u>20,012</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|--|-------------------------|-------------------------|-------------------------|
| 11. RESERVES - CASH BACKED | | | |
| (i) Plant | | | |
| Opening Balance | 502,960 | 502,960 | 403,801 |
| Amount Set Aside / Transfer to Reserve | 28,851 | 0 | 99,159 |
| Amount Used / Transfer from Reserve | <u>(79,000)</u> | <u>(100,000)</u> | <u>0</u> |
| | <u>452,811</u> | <u>402,960</u> | <u>502,960</u> |
| (j) Long Service Leave | | | |
| Opening Balance | 79,453 | 79,453 | 75,854 |
| Amount Set Aside / Transfer to Reserve | 4,739 | 0 | 3,599 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>84,192</u> | <u>79,453</u> | <u>79,453</u> |
| (k) Town Centre Redevelopment | | | |
| Opening Balance | 8,041 | 8,041 | 7,677 |
| Amount Set Aside / Transfer to Reserve | 480 | 0 | 364 |
| Amount Used / Transfer from Reserve | <u>(8,521)</u> | <u>(8,041)</u> | <u>0</u> |
| | <u>0</u> | <u>0</u> | <u>8,041</u> |
| (l) Waste Management | | | |
| Opening Balance | 162,717 | 162,717 | 236,496 |
| Amount Set Aside / Transfer to Reserve | 9,705 | 0 | 11,221 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>(85,000)</u> |
| | <u>172,422</u> | <u>162,717</u> | <u>162,717</u> |
| (m) Administration Centre Extensions | | | |
| Opening Balance | 639,915 | 639,915 | 857,034 |
| Amount Set Aside / Transfer to Reserve | 20,841 | 0 | 144,387 |
| Amount Used / Transfer from Reserve | <u>(477,945)</u> | <u>(639,915)</u> | <u>(361,506)</u> |
| | <u>182,811</u> | <u>0</u> | <u>639,915</u> |
| (n) Hamel Hall Amenities | | | |
| Opening Balance | 57,036 | 57,036 | 54,458 |
| Amount Set Aside / Transfer to Reserve | 3,402 | 0 | 2,578 |
| Amount Used / Transfer from Reserve | <u>(24,000)</u> | <u>(24,000)</u> | <u>0</u> |
| | <u>36,438</u> | <u>33,036</u> | <u>57,036</u> |
| (o) Footpath Construction | | | |
| Opening Balance | 22,165 | 22,165 | 21,161 |
| Amount Set Aside / Transfer to Reserve | 1,322 | 0 | 1,004 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>23,487</u> | <u>22,165</u> | <u>22,165</u> |
| (p) Works Depot Redevelopment Reserve | | | |
| Opening Balance | 25,000 | 25,000 | 0 |
| Amount Set Aside / Transfer to Reserve | 1,491 | 0 | 25,000 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>26,491</u> | <u>25,000</u> | <u>25,000</u> |
| (r) Strategic Planning Reserve | | | |
| Opening Balance | 0 | 0 | 0 |
| Amount Set Aside / Transfer to Reserve | 20,000 | 0 | 0 |
| Amount Used / Transfer from Reserve | <u>0</u> | <u>0</u> | <u>0</u> |
| | <u>20,000</u> | <u>0</u> | <u>0</u> |
| Total Cash Backed Reserves | <u>1,504,047</u> | <u>1,113,477</u> | <u>2,112,784</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 2011

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.

Preston Beach Volunteer Ranger Reserve - To provide funds for the supply and replacement of equipment associated with the volunteer ranger service.

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

Strategic Planning Reserve - to provide funds for the future requirements of Strategic Planning .

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

12. RESERVES - ASSET REVALUATION

| | 2011 | 2010 |
|---|--------------------------|--------------------------|
| | \$ | \$ |
| Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets: | | |
| (a) Land and Buildings | | |
| Opening balance | 15,795,282 | 12,659,000 |
| Revaluation Increment | 0 | 4,656,982 |
| Revaluation Decrement | 0 | (1,520,700) |
| | <u>15,795,282</u> | <u>15,795,282</u> |
| (b) Infrastructure - Other | | |
| Opening Balance | 2,451,744 | 0 |
| Revaluation Increment | 0 | 2,451,744 |
| Revaluation Decrement | 0 | 0 |
| | <u>2,451,744</u> | <u>2,451,744</u> |
| (b) Roads | | |
| Opening Balance | 57,710,224 | 57,306,053 |
| Revaluation Increment | 0 | 0 |
| Revaluation Decrement | 0 | 404,171 |
| | <u>57,710,224</u> | <u>57,710,224</u> |
| TOTAL ASSET REVALUATION RESERVES | <u><u>75,957,250</u></u> | <u><u>75,957,250</u></u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | 2011 \$ | 2011 Budget \$ | 2010 \$ |
|---------------------------|------------------|----------------------|------------------|
| Cash and Cash Equivalents | <u>1,928,088</u> | <u>1,271,183</u> | <u>2,749,382</u> |

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

| | | | |
|---|--------------------|--------------------|------------------|
| Net Result | 211,622 | 215,441 | (167,662) |
| Depreciation | 2,063,738 | 1,314,495 | 1,874,062 |
| (Profit)/Loss on Sale of Asset | 39,383 | 10,501 | 16,064 |
| (Increase)/Decrease in Receivables | (89,315) | (89,993) | (42,567) |
| (Increase)/Decrease in Inventories | (497) | 518 | 1,772 |
| Increase/(Decrease) in Payables | (261,727) | (24,089) | (142,280) |
| Increase/(Decrease) in Employee Provisions | (85,454) | (91,735) | 81,149 |
| Grants/Contributions for the Development of Assets | <u>(1,266,876)</u> | <u>(1,061,352)</u> | <u>(895,063)</u> |
| Net Cash from Operating Activities | <u>610,874</u> | <u>273,786</u> | <u>725,475</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 | <u>2,116</u> | <u>313</u> |
| Total Amount of Credit Unused | <u>22,116</u> | <u>20,313</u> |

Loan Facilities

| | | |
|--|----------------|----------------|
| Loan Facilities - Current | 47,920 | 55,142 |
| Loan Facilities - Non-Current | 324,958 | 372,878 |
| Total Facilities in Use at Balance Date | <u>372,878</u> | <u>428,020</u> |

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

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

14. CONTINGENT LIABILITIES

The Shire of Waroona has one contingent liability as at 30 June 2011. This is in regards to legal proceedings initiated by a construction contractor on the Administration Extensions project. There are disputed variations to contract. This is currently with Council's lawyers and is anticipated to be finalised within the 2011-12 financial year. As at the date of this report it is not practical to quantify amounts payable (if any) in respect to the outstanding claim.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

The Shire of Waroona has no finance lease commitments as at 30 June 2011

(b) Operating Lease Commitments

Non-cancellable operating leases contracted relating for but not capitalised in the 2011/12 accounts. The Shire of Waroona will be raising 4 operating leases in 2011-12 financial year. The annual commitment being:

| | |
|--|--------|
| Plant and Equipment Lease - 48 months (x2) | 5,468 |
| Plant & Equipment Lease - 60 months (x2) | 11,122 |

(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. The project will be finalised in the 2011-12 financial year.

16. JOINT VENTURE

The Shire of Waroona does not have any Joint Venture arrangements as at 30 June 2011.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2011 | 2010 |
|-----------------------------|-------------------|-------------------|
| Governance | 2,631,747 | 4,006,217 |
| General Purpose Funding | 2,035,049 | 794,266 |
| Law, Order, Public Safety | 613,372 | 464,944 |
| Health | 1,409,000 | 1,437,000 |
| Education and Welfare | 377,300 | 385,000 |
| Housing | 240,090 | 240,000 |
| Community Amenities | 6,026,739 | 6,222,547 |
| Recreation and Culture | 19,181,563 | 18,975,599 |
| Transport | 58,351,191 | 58,690,339 |
| Economic Services | 1,042,978 | 1,063,238 |
| Other Property and Services | 1,127,287 | 1,143,558 |
| Unallocated | 847,435 | 690,720 |
| | <u>93,883,751</u> | <u>94,113,428</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| 18. FINANCIAL RATIOS | 2011 | 2010 | 2009 |
|---|-------|-------|-------|
| Current Ratio | 1.108 | 0.772 | 1.051 |
| Untied Cash to Unpaid Trade Creditors Ratio | 1.856 | 1.164 | 2.430 |
| Debt Ratio | 0.012 | 0.016 | 0.018 |
| Debt Service Ratio | 0.013 | 0.015 | 0.022 |
| Gross Debt to Revenue Ratio | 0.090 | 0.078 | 0.126 |
| Gross Debt to Economically Realisable Assets Ratio | 0.008 | 0.015 | 0.019 |
| Rate Coverage Ratio | 0.677 | 0.415 | 0.369 |
| Outstanding Rates Ratio | 0.037 | 0.023 | 0.021 |

The above ratios are calculated as follows:

| | |
|---|--|
| Current Ratio | $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| 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 2011

19. TRUST FUNDS

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

| | Balance 1-Jul-10 \$ | Amounts Received \$ | Amounts Paid (\$) | Balance 30-Jun-11 \$ |
|-----------------------------|---------------------------|---------------------------|-------------------------|----------------------------|
| BCITF LEVY | 0 | 19,102 | (19,102) | 0 |
| BUILDERS REGISTRATION BOARD | 0 | 6,276 | (6,276) | 0 |
| HALL DEPOSITS | 3,000 | 1,825 | (1,500) | 3,325 |
| LANDCARE EOY BALANCE | 61,380 | 41,713 | (61,380) | 41,713 |
| NOMINATION DEPOSITS | 0 | 0 | 0 | 0 |
| RETENTIONS | 43,271 | 14,499 | 0 | 57,770 |
| ROADWORK/FOOTPATH BONDS | 7,925 | 0 | 0 | 7,925 |
| SUBDIVISION BONDS | 62,930 | 7,157 | 0 | 70,087 |
| SUNDRY ITEMS | 113,883 | 95,590 | (69,911) | 139,562 |
| VEHICLE LICENSE PLATES | 0 | 300 | (300) | 0 |
| EXTRACTIVE INDUSTRIES | 23,730 | 0 | 0 | 23,730 |
| PUBLIC OPEN SPACE | 177,910 | 0 | (134,888) | 43,022 |
| | <u>494,029</u> | | | <u>387,134</u> |

20. DISPOSALS OF ASSETS - 2010/11 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 & EQUIPMENT | | | | | | |
| Governance | | | | | | |
| Statesman Sedan CEO | 44,872 | 45,620 | 33,636 | 37,500 | (11,236) | (8,120) |
| Berlina Sedan DCEO | 32,425 | 32,966 | 22,273 | 26,000 | (10,152) | (6,966) |
| Law, Order, Public Safety | | | | | | |
| Ford 4x4 Ranger Supercab | 0 | 26,000 | 0 | 22,000 | 0 | (4,000) |
| Economic Services | | | | | | |
| Kia Station Sedan DCS | 31,676 | 0 | 23,637 | 0 | (8,039) | 0 |
| Kia Station Sedan DCS | 25,012 | 29,992 | 24,545 | 27,000 | (467) | (2,992) |
| Toyota Camry Sedan MEHBS | 22,330 | 23,929 | 19,091 | 19,500 | (3,239) | (4,429) |
| Community Amenities | | | | | | |
| Subaru Forrester MPS | 28,081 | 28,059 | 24,545 | 24,500 | (3,536) | (3,559) |
| Transport | | | | | | |
| Ford Front End Loader | 0 | 0 | 18,227 | 20,000 | 18,227 | 20,000 |
| Kubota Truck | 0 | 0 | 0 | 20,000 | 0 | 20,000 |
| Commodore Sedan DTS | 23,942 | 28,708 | 21,364 | 21,000 | (2,578) | (7,708) |
| Toyota Hilux Single Cab Tray | 24,727 | 24,727 | 6,364 | 12,000 | (18,363) | (12,727) |
| | <u>233,065</u> | <u>240,001</u> | <u>193,682</u> | <u>229,500</u> | <u>(39,383)</u> | <u>(10,501)</u> |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

2.1. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars | Principal 1-Jul-10 \$ | New Loans \$ | Principal Repayments | | Principal 30-Jun-11 | | Interest Repayments | |
|---------------------------------|-----------------------------|--------------------|-------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | | | Actual \$ | Budget \$ | Actual \$ | Budget \$ | Actual \$ | Budget \$ |
| Recreation & Culture | 110,098 | | 11,651 | 11,651 | 98,446 | 98,446 | 7,399 | 7,399 |
| Aquatic Centre | 176,492 | | 8,001 | 8,001 | 168,491 | 168,491 | 11,483 | 11,484 |
| Basketball Stadium | 34,942 | | 6,821 | 6,821 | 28,121 | 28,121 | 2,443 | 2,428 |
| Preston Beach Golf Club (SS) | 41,735 | | 6,076 | 6,076 | 35,659 | 35,659 | 2,167 | 2,141 |
| Transport | | | | | 0 | 0 | | |
| Depot Construction | 54,546 | | 12,384 | 12,383 | 42,161 | 42,161 | 2,084 | 3,270 |
| Isuzu Truck | 10,210 | | 10,210 | 10,210 | 0 | 0 | | 475 |
| | 428,023 | 0 | 55,144 | 55,143 | 372,879 | 372,879 | 25,576 | 27,197 |

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

(b) New Debentures - 2010/11
The Shire of Waroona had no new debentures for the 2010/11 financial year.

(c) Unspent Debentures
The Shire of Waroona has no unspent debentures as at 30 June 2011.

(d) Overdraft
The Shire of Waroona has no unspent overdraft facility as at 30 June 2011.

(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 2011 was \$2,116.

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

22. RATING INFORMATION - 2010/11 FINANCIAL YEAR

| RATE TYPE | Rate in \$ | Number of Properties | Rateable Value \$ | Rate Revenue \$ | Interim Rates \$ | Back Rates \$ | Total Revenue \$ | Budget Rate Revenue \$ | Budget Interim Rate \$ | Budget Back Rate \$ | Budget Total Revenue \$ |
|--|-------------------|----------------------|-------------------|-----------------|------------------|---------------|------------------|------------------------|------------------------|---------------------|-------------------------|
| General Rate | | | | | | | | | | | |
| 1 Waroona GRV | 7.1010 | 674 | 9,265,166 | 657,920 | 5,724 | 0 | 663,644 | 657,932 | | | 657,932 |
| 3 Hamel GRV | 7.1010 | 18 | 203,372 | 14,441 | 320 | 0 | 14,761 | 14,441 | | | 14,441 |
| 4 Preston Beach GRV | 7.1010 | 249 | 3,159,686 | 224,369 | 2,008 | 0 | 226,377 | 224,369 | | | 224,369 |
| 5 Prescribed Town GRV | 7.1010 | 12 | 194,682 | 13,824 | (295) | 0 | 13,529 | 13,824 | | | 13,824 |
| 8 Lake Clifton GRV | 7.1010 | 245 | 3,692,304 | 262,191 | (17,451) | 0 | 244,740 | 262,191 | | | 262,191 |
| Non Rateable GRV | | 239 | 1,347,562 | | | | | | | | 0 |
| 2 Waroona UV | 0.3647 | 427 | 249,756,000 | 910,860 | 2,121 | 0 | 912,981 | 910,861 | | | 910,861 |
| 6 Prescribed UV | 0.3647 | 82 | 26,835,000 | 97,867 | 1,006 | 0 | 98,873 | 97,867 | | | 97,867 |
| | | 1,946 | 294,453,772 | 2,181,473 | (6,567) | 0 | 2,174,906 | 2,181,485 | 0 | 0 | 2,181,485 |
| Sub-Totals | | | | | | | | | | | |
| Minimum Rates | Minimum \$ | | | | | | | | | | |
| 1 Waroona GRV | 650.00 | 481 | 3,314,614 | 312,650 | 0 | 0 | 312,650 | 312,650 | | | 312,650 |
| 3 Hamel GRV | 650.00 | 19 | 133,916 | 12,350 | 0 | 0 | 12,350 | 12,350 | | | 12,350 |
| 4 Preston Beach GRV | 650.00 | 295 | 2,297,867 | 191,750 | 0 | 0 | 191,750 | 191,750 | | | 191,750 |
| 5 Prescribed Town GRV | 650.00 | 13 | 90,520 | 8,450 | 0 | 0 | 8,450 | 8,450 | | | 8,450 |
| 8 Lake Clifton GRV | 650.00 | 3 | 26,728 | 1,950 | 0 | 0 | 1,950 | 1,950 | | | 1,950 |
| 2 Waroona UV | 650.00 | 50 | 4,965,751 | 32,500 | 0 | 0 | 32,500 | 32,500 | | | 32,500 |
| 6 Prescribed UV | 650.00 | 41 | 6,193,000 | 26,650 | 0 | 0 | 26,650 | 26,650 | | | 26,650 |
| 7 Mining | 650.00 | 15 | 189,415 | 9,750 | (522) | 0 | 9,228 | 9,750 | | | 9,750 |
| Sub-Totals | | 917 | 17,211,811 | 596,050 | (522) | 0 | 595,528 | 596,050 | 0 | 0 | 596,050 |
| Ex-Gratia Rates | | | | | | | | | | | |
| Specified Area Rate (refer note 23) | | | | | | | | | | | |
| | | | | | | | 2,770,434 | | | | 2,777,535 |
| Discounts (refer note 25) | | | | | | | | | | | |
| Totals | | | | | | | 2,770,434 | | | | 2,777,535 |
| | | | | | | | | | | | 2,777,535 |



SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

23. SPECIFIED AREA RATE - 2010/11 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 - 2010/11 FINANCIAL YEAR

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

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2010/11 FINANCIAL YEAR**

| | Type | Disc % | Total Cost/ Value \$ | Budget Cost/ Value \$ |
|-----|------|--------|-------------------------------|--------------------------------|
| NIL | | | | |

26. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR

| | Interest Rate % | Admin. Charge \$ | Revenue \$ | Budgeted Revenue \$ |
|------------------------------|-----------------------|------------------------|---------------|---------------------------|
| Interest on Unpaid Rates | 11.00% | | 16,150 | 9,000 |
| Interest on Instalments Plan | 5.50% | | 8,796 | 9,000 |
| Charges on Instalment Plan | | 8 | 15,762 | 13,600 |
| | | | 40,708 | 31,600 |

Ratepayers had the option of paying rates in four equal instalments, due on 22nd September 2010, 24th November 2010, 2nd February 2011 and 6th April 2011. Administration charges and interest applied for the final three instalments.

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

| 27. FEES & CHARGES | 2011 | 2010 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Governance | 24,768 | 23,005 |
| General Purpose Funding | 6,887 | 1,925 |
| Law, Order, Public Safety | 23,714 | 51,002 |
| Health | 35,092 | 20,372 |
| Education and Welfare | 100 | 100 |
| Housing | 13,520 | 13,520 |
| Community Amenities | 639,753 | 536,539 |
| Recreation and Culture | 307,070 | 320,473 |
| Transport | 120 | 0 |
| Economic Services | 46,742 | 45,519 |
| Other Property and Services | 27,876 | 35,369 |
| | <u>1,125,642</u> | <u>1,047,824</u> |

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

28. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| By Nature and Type: | | |
| Operating Grants, Subsidies and Contributions | 1,488,741 | 1,550,363 |
| Non-Operating Grants, Subsidies and Contributions | 1,166,524 | 895,063 |
| Non-Operating Grants, Subsidies and Contributions - Non Cash | 100,352 | 0 |
| | <u>2,755,617</u> | <u>2,445,426</u> |
| By Program: | | |
| Governance | 110,072 | 434,619 |
| General Purpose Funding | 1,036,174 | 665,516 |
| Law, Order, Public Safety | 182,486 | 30,429 |
| Health | 17,257 | 4,202 |
| Education and Welfare | 40,367 | 50,668 |
| Housing | 0 | 0 |
| Community Amenities | 241,976 | 376,503 |
| Recreation and Culture | 432,345 | 156,433 |
| Transport | 453,967 | 558,261 |
| Economic Services | 64,215 | 133,759 |
| Other Property and Services | 176,758 | 35,036 |
| | <u>2,755,617</u> | <u>2,445,426</u> |

29. ELECTED MEMBERS REMUNERATION

| 2011 | 2011 | 2010 |
|-------------|---------------|-------------|
| \$ | 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 | 1,070 | 2,350 | 2,648 |
| Telecommunications Allowance | 6,000 | 6,000 | 6,000 |
| | <u>55,070</u> | <u>56,350</u> | <u>56,648</u> |

**SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

30. EMPLOYEE NUMBERS

2011

2010

The number of full-time equivalent employees at balance date

39

45

31. EMPLOYEE SALARIES

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 | 2 | 0 |
| 110,000 | 119,999 | 0 | 0 |
| 120,000 | 129,999 | <u>1</u> | <u>1</u> |

32. MAJOR LAND TRANSACTIONS

The Shire of Waroona did not participate in any major land transactions during the 2010/11 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire of Waroona did not participate in any trading undertakings and major transactions during the 2010/11 financial year.

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

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 | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 1,928,088 | 2,200,783 | 1,928,088 | 2,200,783 |
| Receivables | <u>315,787</u> | <u>218,044</u> | <u>315,787</u> | <u>218,044</u> |
| | <u><u>2,243,875</u></u> | <u><u>2,418,827</u></u> | <u><u>2,243,875</u></u> | <u><u>2,418,827</u></u> |
| Financial Liabilities | | | | |
| Payables | 227,638 | 471,138 | 227,638 | 471,138 |
| Borrowings | <u>372,870</u> | <u>428,013</u> | <u>372,870</u> | <u>428,013</u> |
| | <u><u>600,508</u></u> | <u><u>899,151</u></u> | <u><u>600,508</u></u> | <u><u>899,151</u></u> |

Fair value is determined as follows:

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

**SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011**

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.

| | 2011 \$ | 2010 \$ |
|--|------------|------------|
| Impact of a 1% (*) movement in interest rates on cash and investments: | | |
| - Equity | 1,928 | 2,749 |
| - Statement of Comprehensive Income | 1,928 | 2,749 |

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 2011

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:

| | 2011 | 2010 |
|--|--------|--------|
| Percentage of Rates and Annual Charges | | |
| - Current | 97.00% | 98.00% |
| - Overdue | 3.00% | 2.00% |
| Percentage of Other Receivables | | |
| - Current | 90.00% | 66.00% |
| - Overdue | 10.00% | 34.00% |

SHIRE OF WAROONA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2011

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
 Borrowings

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

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

| | <u>2011</u> | | | | | |
|------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|--|
| | Due within 1 year \$ | Due between 1 & 5 years \$ | Due after 5 years \$ | Total contractual cash flows \$ | Carrying values \$ | |
| Payables | 227,638 | | | 227,638 | 227,638 | |
| Borrowings | 47,919 | 178,533 | 146,418 | 372,870 | 372,870 | |
| | <u>275,557</u> | <u>178,533</u> | <u>146,418</u> | <u>600,508</u> | <u>600,508</u> | |
| | | | | | | |
| Payables | 489,365 | | | 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> | |

SHIRE OF WAROONA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2011

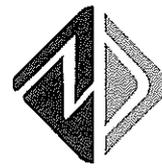
34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

| | <1 year | >1<2 years | >2<3 years | >3<4 years | >4<5 years | >5 years | Total | Weighted Average Effective Interest Rate % |
|---|---------|------------|------------|------------|------------|----------|---------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Year Ended 30 June 2011 | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Debtentures | 47,920 | 51,107 | 54,504 | 37,606 | 35,315 | 146,418 | 372,870 | 6.57% |
| Weighted Average Effective Interest Rate | 6.54% | 6.54% | 6.55% | 6.54% | 6.45% | 6.64% | | |
| Year Ended 30 June 2010 | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Debtentures | 55,142 | 47,919 | 51,106 | 54,506 | 37,607 | 181,733 | 428,013 | 6.56% |
| Weighted Average Effective Interest Rate | 6.47% | 6.54% | 6.54% | 6.55% | 6.54% | 6.60% | | |



AMD
CHARTERED ACCOUNTANTS

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 |
| Shane Kaurin CPA | |

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial report of the Shire of Waroona, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year ended 30 June 2011, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Council's responsibility for the financial report

The Council of the Shire of Waroona is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Local Government Act 1995, and for such internal control as Council determines necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks and material misstatements of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluation of the overall presentation of the financial report.

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 of Waroona's financial position, the results of its operations, its changes in equity and its cash flows.



**Chartered
Accountants**

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Geraldton, WA 6531
Telephone: (08) 9964 5888
Facsimile: (08) 9964 5899

Independence

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

Opinion

In our opinion, the financial report of the Shire of Waroona:

- i. gives a true and fair view of the Shire of Waroona's financial position as at 30 June 2011 and of its performance for the financial year ended 30 June 2011; and
- ii. complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- iii. are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

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

- i. 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 of Waroona.
- ii. There are no 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.
- iii. All necessary information and explanations were obtained by us.
- iv. All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants

TIM PARTRIDGE
Partner

Bunbury, Western Australia

Dated this 19th day of October 2011

AUDITOR'S REPORT - SEE SECTION C