



ANNUAL REPORT

2010/2011

SHIRE OF WAGIN



Shire of Wagin
Annual Report 2010/2011



Shire of Wagin

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Shire Statistics

Population	1,844
Number of Electors	1,315
Number of Dwellings	901
Distance from Perth (km)	227
Area (sq km)	1,950
Suburbs and Localities	Piesseville, Wagin
Library	Trent St, Wagin
Kindergarten	Johnston St, Wagin
Pre-school	Ranford St, Wagin
Secondary School	Ranford St, Wagin
Length of Sealed Roads (km)	260
Length of Unsealed Roads (km)	626
Rates Income	\$1,569,881
Total Revenue	\$5,207,066
Council Employees	25

Tourist Attractions

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

Local Industries

Wool, Grain, Engineering Manufacture and Seed working.

Significant Local Events

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

Front Cover Picture –Lake Norring

TABLE OF CONTENTS

Introduction

	Page
General Information	5-8
Presidents Report	9
Chief Executive Officer's Report	10-11
Corporate Services Report	12-13
Regulatory Services Report	14-15
Works & Services Report	16
Community Services Report	17-19

Financial Report

	20
Statement by Chief Executive Officer	21
Statement of Comprehensive Income by Nature and Type	22
Statement of Financial Position	23
Statement of Changes in Equity	24
Statement of Cash Flows	25-26
Rate Setting Statement	27

Notes To, And Forming Part of, The Financial Report

Note 1	Significant Accounting Policies	28-40
Note 2	Revenues and Expenses	41-44
Note 3	Cash Assets	45
Note 4	Receivables	45
Note 5	Inventories	45
Note 6	Properties, Plant & Equipment	46-47
Note 7	Infrastructure	48-49
Note 8	Payables	50
Note 9	Borrowings	50
Note 10	Provisions	50
Note 11	Reserves – Cash Backed	51-55
Note 12	Reserves – Asset Valuation	55
Note 13	Notes to the Statement of Cash Flows	56
Note 14	Contingent Liabilities	57
Note 15	Capital and Leasing Commitments	57
Note 16	Joint Venture	57
Note 17	Total Assets Classified by Function & Activity	57
Note 18	Financial Ratios	58
Note 19	Trust Funds	59
Note 20	Disposal of Assets	60
Note 21	Information on Borrowings	61
Note 22	Rating Information	62
Note 23	Specified Area Rate	63
Note 24	Service Charges	63

Shire of Wagin
Annual Report 2010/2011

Note 25	Discounts, Incentives, Concessions & Write-Offs	63
Note 26	Interest Charges & Instalments	63
Note 27	Fees & Charges	63
Note 28	Grant Revenue	64
Note 29	Councillors Remuneration	64
Note 30	Employee Numbers	64
Note 31	Major Land Transactions	65
Note 32	Trading Undertaking & Major Trading Undertakings	65
Note 33	Financial Risk Management	66-70

Audit Report



Bullock Hills/Airfield Road Upgrade

GENERAL INFORMATION

Elected Members

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

The Shire of Wagin elected members as at 30th June 2011 are -

Cr PJ (Phillip) Blight – Shire President

Elected to office in 1992, Retiring 2011

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

Cr GR (Greg) Ball – Deputy Shire President

Elected to office in 2007, Retiring 2011

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

Cr IC (Ian) Cumming

Elected to office in 1990, Retiring 2013

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

Cr DK (Dean) Morgan

Elected to office in 2003, Retiring 2013

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

Cr J (Joseph) Shaw

Elected to office in 2009, Retiring 2013

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

Cr JLC (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2013

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

Cr KM (Keith) Draper

Elected to office in 2003, Retiring 2011

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

Cr JP (Jason) Reed

Elected to office in 2007, Retiring 2011

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

Cr G (Geoff) West

Elected to office in 2009, Retiring 2013

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

Cr EN (Ted) Pugh

Elected to office in 2009, Retiring 2011

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

Cr G (Gerard) Hegarty

Elected to office in 2009, Retiring 2013

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

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

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

Management

Chief Executive Officer	Len Calneggia
Manager of Finance and Corporate Services	Brian Roderick
Manager of Works	Allen Hicks
Manager of Community and Regulatory Services	Carolyn Webster
Environmental Health Officer & Building Surveyor	Steve Friend
Auditor	Byfields 30 Keymer Street Belmont WA 6104
Bank	National Australia Bank Tudor St Wagin WA 6315

Shire Presidents Report

It is with great pleasure that I present the Annual Report for 2010/2011.

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



Council operated with the same set of eleven councillors with elections scheduled for later this year. In October last year Council adopted its first ever Strategic Plan for the Shire. After a thorough public consultation process and a series of workshops for Councillors and staff a very important blueprint was produced for the future of the Shire.

Council was fortunate enough to receive \$394,637 through the Royalties for Regions Country Local Government Fund. In accordance with Councils adopted Forward Capital Works Plan this money will be spent on Wagin's Swimming Pool Redevelopment.

Council also received \$30,000 in Federal government stimulus money, these funds were used to commence works on the new Wagin Skate Park. A further \$55,000 from LotteryWest will complete the project at the end of the year.

Council again has been active over the last year to accommodate our thriving community. Our aim is to maintain and improve its facilities both in the townsite and rural areas. Significant projects and achievements during 2010/2011 were:

- Construction of a new Doctors residence.
- Upgrades to the Recreation Centre.
- Installation of new CCTV cameras.
- Commencement of the Wagin Swimming Pool redevelopment.
- Installation of a new kitchen & tiling at the Eric Farrow Pavilion.
- Installation of new water tanks at Piesseville for fire fighting purposes.
- The undertaking and completion of an extensive capital road works program.
- Purchase of a new six tonne truck and works canter.
- Changeover of works utilities, and administration vehicles.

Council hosted a New Residents Reception in the Eric Farrow Pavilion in March 2011, this again proved to be a very popular and successful function with some 59 people attending including 25 new residents.

Council also assisted the Wagin Agricultural Society hold another very successful Woolorama. Council again had its own information site; our presence at Woolorama provided valuable promotional opportunities for our Shire.

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

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

Cr Phillip Blight
Shire President

Chief Executive Officer's Report

I am pleased to present my report on the activities of the Shire of Wagin for the 2010/2011 year. It has been a solid year of growth and productivity for the Shire that has led to improved services and facilities for the community.

The 2010/2011 Annual Budget was adopted by Council at a special Council meeting on the 17th August 2010 incorporating an increase in rates of 6.0%. Council retained the option of offering a 5% discount for rates paid in full within 35 days of being issued and this again proved popular.

Strategic Plan

Council adopted its first Strategic plan in October 2010 and although not mandatory at the time proposed changes to legislation soon will require all Local Governments throughout Western Australia to prepare this important document from now on. The Strategic plan will be used to guide and direct councillors and staff in its strategic direction and is intended to be reviewed every two years following council elections.

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

Airstrip Masterplan

A grant of \$35,582 from Regional Airports Development Scheme (RADS) which partly funded a total project of \$47,355 to prepare a Master plan for the Wagin Airport. This plan proposes a number of initiatives and highlights a number of opportunities that Council will endeavour to progress as funds become available into the future.

Landcare

Council continues to support Landcare activities in conjunction with the Shire of Woodanilling. Landcare officers as well as offering good support to our farming communities and have managed to attract thousands of dollars for on ground works for the benefit of many.



Waste Management

Council continues to be the lead council in a group of eleven other Local Governments to look for a suitable site in which to replace respective waste sites for each Council and with the weight of numbers develop and manage a landfill site for all group members. This has proven to be a lengthy and difficult task however with resilience it is hoped that we will meet with success shortly.

Skate Park

It was pleasing to obtain funding from Lotterywest and to commence this \$100,000 purpose built skate park that will be enjoyed by the youth of Wagin for many years to come. Much thanks and praise goes to our local contactors Sandy Scardetta and his crew for taking on such a challenging task.

Doctors Residence

Following adoption of the Strategic plan council set about replacing its ageing housing stocks and commenced by building a new doctors residence by calling tenders in April 2010. The tender was let to local builder Sandy Scardetta and was recently completed and occupied.



New Doctors Residence



New Doctors Residence on Khedive Street

Swimming Pool Redevelopment

Following the close of tender period for the upgrade of the Wagin swimming pool, Wet Deck pools were selected from only two tenderers. The upgrade will consist of placing a wet deck to the 50 metre lap pool and removal and replacement of learn to swim pool. Council has elected to place a disability access ramp to the main pool which will greatly assist people with limited mobility in using the pool. Although work has progressed slowly we are sure that when finished the community of Wagin will be well pleased. Council and staff are currently working on stage two of this project which includes the refurbishment and replacement of the kiosk and changerooms .



Swimming Pool Redevelopment

Structural Reform

Structural reform in the country has abated somewhat with very little response from many councils being received by the Minister from his call for voluntary amalgamations. One such response that may have an affect on Wagin is the formation of a Regional Transition Group (RTG) comprising the shires of Narrogin (both town and shire), Cuballing and Wickiepin. We as near neighbours will await the outcomes of studies and deliberations with much interest.

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

In conclusion I would like to take this opportunity to acknowledge the support that I have received from the Shire President Cr Phillip Blight and Council members . It is a pleasure to work with a group of volunteers that are dedicated to the current and future wellbeing of the Shire of Wagin. I would also like to acknowledge the support and dedication of our staff whose hard work and dedication also needs special mention.

Len Calneggia
Chief Executive Officer

CORPORATE SERVICES

Annual Financials and Audit Report

Council's Annual Financial Report for the 30th June was audited by Dale Woodruff of Byfields. It was pleasing to receive a totally clean audit with only one item on Council's Management Report relating to 2011/2012 grant income received in the 2010/2011 year. The Annual Financial Report is enclosed in this document.

Freedom of Information Act

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2010/2011 no applications were received for information under the terms of this legislation.



Wagin Giant Ram

Employee Remuneration

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

	2010/2011	2009/2010
Salary Range \$120,000 - \$129,999	1	1

National Competition Policy

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

Competitive Neutrality

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

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

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.

Legislative Review

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

No new Local Laws were created in 2010/2011 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2010/2011 consequently there were no obligations to report in this area.

State Records Act 2000

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

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

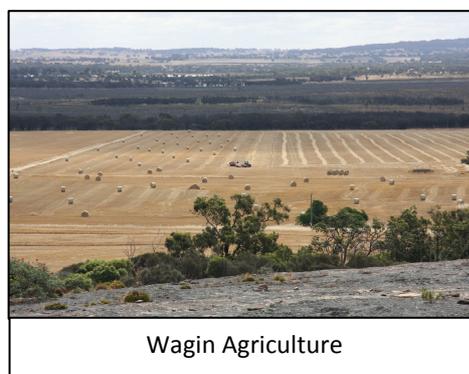
The Shire of Wagin Record keeping Plan was endorsed by the Commission during 2003/04. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009.

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

In 2008/2009 Council implemented a new electronic record keeping system; this will ensure Council is meeting its record keeping obligations.

Plan for the Future

A review of the Shire's plan for the future was completed in June 2008. The plan covers the period 2008/2009 to 2012/2013. The Plan for the Future is currently due for review, however Council adopted a Strategic Plan this year and will be undertaking the Integrated Planning and Reporting process.



REGULATORY SERVICES

Building Services

The Shire approved twenty eight new building licenses in the 2010/2011 year. The total value of these approvals was \$1,703,734, with the construction of five new residential houses.

Ranger Services

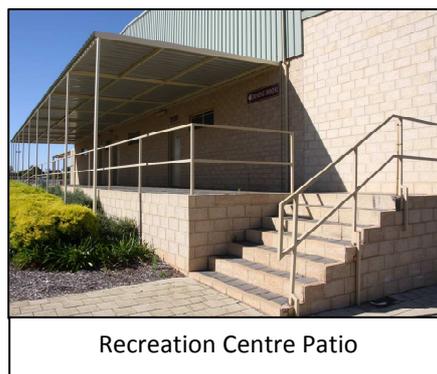
A new Ranger was appointed and has maintained a high level of service to the District. Regular patrols for stray animals and an upgrade to the Pound together with relocating animals through the Saving Animals from Euthanasia "SAFE" group have all been achievements in this area of Shire service.

Building Maintenance and Asset Management

A comprehensive maintenance schedule was developed and subsequently guided the work of our Building Maintenance Officer. Over 360 maintenance and other works were completed in this period.

A serious refurbishment of the Shire houses at 1 Nenke Street, upgrades of 32 Ballagin Road, to allow it to be used as a guest house, 5 Warwick Street was renovated for sale, additionally an upgrade to the Sport and Rec Centre bar, a new awning along the Sport and Rec Centre side patio were among some of the major works for the year.

A new house was built for the resident Doctor and preparation for a new Skate Park commenced. Site works for the upgrade of the Swimming Pool Complex were undertaken by the Shire under the direction of the pool builder.



Private Swimming Pool Inspections

The Shire is required to undertake mandatory inspections of all private swimming pools to ensure swimming pool security is maintained.

Property owners and occupiers are reminded that they have a lawful duty to ensure that security is maintained and remains operational.

The inspection of private swimming pools in 2011 consisted of 36 rural inspections, and 43 town site inspections. Of these, 71% did not comply with the rules and regulations, with flaws including; faulty gates, no fencing and climbable objects. Since inspection, all swimming pools are now secure and up to the appropriate standard.

Inspections are carried out every 4 years, with the next inspection for the Shire to be held in 2015.

Emergency Management

A new position was created for the shared resource of a Community Emergency Management Co-ordinator. This has elevated the Shires ability to manage its role in emergencies and better support Shire volunteers through improved policies and procedures and enhanced training. Preliminary planning also commenced for the formation of a Wagin SES Unit.

Occupational Health & Safety

The Shire undertook a successful desk top Audit in 2010 attaining a grading of 68%. Much work has been completed in staff training, incident reporting and finalising the Shire's OSH Policy. New Safety Management Software has been installed that provides for critical reports and to track actions following incidents.

The Building Maintenance Officer completed the Asbestos Management Training and is now licensed to remove asbestos. An Asbestos Register has been developed and all asbestos has been located. New storage management of hazardous substances has been established.

Community Safety

CCTV Stage One was completed with cameras linked back to the Police Station and a second grant from the Office of Crime Prevention for \$25,000 has been awarded for Stage 2. Free "Burglar Beware Packs" for every household, fuel dye to track stolen fuel and "Be Seen Be Safe" high visibility vests for every student are some of the safety and crime prevention initiatives for the year. The SAM trailer is now fully owned by the Shire and no longer shared with the Shire of Dumbleyung. The local Police used this extensively to curb speeding on the approach roads into town.



"Being Seen, Being Safe" initiative for local school children



Fritz Hirschmann – 2011 Citizen of the Year

WORKS & SERVICES

The Works & Services Division covers a diverse range of functions and service provision and is responsible for the management of the Towns infrastructure assets including roads, footpaths, parks, reserves, stormwater drainage and street trees.

Water Harvesting

A review of the town's water harvesting program was carried out in 2010/2011 to widen the southern side of the weir to capture more water. This project allows an increase in capacity of storm water from 1.2 million litres to 4 million litres and is used to upgrade our ovals and parks. This has since been completed.

Another project was to harvest water from Puntapin Dam to irrigate the Shire Office, Wetlands Park, Caravan Park and RV Area to reduce the cost of scheme water. This project is in the early planning stages of putting the infrastructure in place, and in 2012 pumping will commence.



Water Harvesting Program

Capital Works

Capital Roadwork's form a major portion of the Council's annual budget expenditure. Council has in recent years followed a stringent program of resealing works which is aimed at preserving Council's existing sealed road assets. A Five Year Road Program has been developed for future works. Major works completed for this year included:

- Realignment (Black spot) of Delyanine, Beaufort and Sutherland Roads.
- Continued surface corrections and resealing of Ballagin and Jaloran Roads.
- Various upgrade works on Beaufort, Wagin-Wickepin, Dongolocking, Dwelyerdine, Piesseville - Tarwonga, Bockaring, Ballaying South and Edwards roads.,
- Seal work on Unicorn, Tudor and Kitchener town streets.
- Upgrades to various RAV Network 4 intersections.

Road Maintenance

Grading, rolling, cleaning of drainage and culverts on Council's roads are performed throughout the Shire as part of the Councils maintenance program. Bridge maintenance was also a high priority as was street tree maintenance and weed spraying in both the town site and rural roads.

Storm Damage

In January 2011 a severe thunder storm hit Wagin and the surrounding areas causing significant flooding and damage to the Shires road network. The event was declared a natural disaster under the Western Australian Natural Disaster Relief and Recovery Arrangements. This declaration allowed Council to recover almost 90% of its storm damage costs. Some 30 roads were adversely affecting with total bill of \$96,712.



January Storm Damage

COMMUNITY SERVICES

Disability Services Plan

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

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

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

Outcome 2: Access to buildings and facilities are improved.

During 2010/2011 Council continued its town site footpath maintenance program to improve access for all users.

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

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

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

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

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

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

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

To ensure that people with disabilities can access all Shire services and facilities the Shire conducted an Access Audit. The findings of the Audit have now been included in the general maintenance program and we are now more knowledgeable in respect to key issues including correct signage, lighting, access to and within buildings, car parking, accessible public toilets and what is needed to do to allow better access to public spaces.

This Audit and the Age Friendly Project highlighted the need to upgrade our footpaths, improve spoon curbs and increase the number of accessible parking bays in strategic locations.

Home and Community Care (HACC)

This service covers both Wagin and West Arthur Shires and cares for approximately 100 clients. Services offered included domestic assistance, personal care, meals on wheels, respite care, transport and home maintenance.

A centre base day care program was held twice a month and bus trips were organised for special events. HACC continues to be a very valued service and manages to keep people in their homes longer. During the year a HACC Action Plan and Financial Reporting requirements have been developed.



HACC Morning Tea

Townscape

The year culminated in the Council adopting the Landscaping and other Vegetation Implementation Plan. New verge trees for the CBD and residential areas are to be planted next year. Consultations with Arborists, other Shires and Landscape Consultants have all contributed to this plan.

The challenges the Shire faces in developing its Townscape are the high water level of underground salty water, long periods of dry hot weather and the replacement of high maintenance trees growing under power lines.

Community Events

Health related workshops focusing on Diabetes Type 2, Ovarian Cancer and Youth Mental Health First Aid were hosted by the Shire. Fun events included Australia Day Breakfast, Have a Go Day, 3 Grumpy Gardeners and the Wadumbah Aboriginal Dance Group. The Shire was also actively involved in the local agricultural show – Woolorama.

A \$20,000 Dry Season Grant allowed the Shire to purchase a Cinema Package. This package continues to be shared with neighbouring Shires and offers extensive recreation and community development opportunities.



Townscape Work by Shire Gardening Staff

The Shire participated in the Age Friendly Community Project and was successful in a number of grants from Lotteries West, the Department of Sport and Recreation, the Office of Crime Prevention and Department for Communities.

Donations from Care & Share and the Rotary Club of Wagin assisted in the purchase of an inflatable obstacle course for the Swimming Pool Complex.

Additional funds for Emergency Management resources came from Western Power.

The Shire hosted an information session with the Office of the Public Advocate covering new legislation concerning Enduring Powers of Guardianship and Advanced Health Directives.



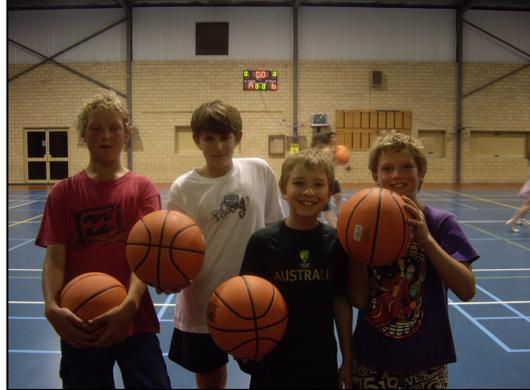
Woolorama

Sport and Recreation

A Sport and Recreation Master Plan for the Shire was commissioned and its recommendations will underscore future developments. The Shire supported a number of sporting events and clubs including an Endurance Ride, long distance bike rides and the promotion of Wagin as an RV Friendly town. Several upgrades to the Shire facilities at the Sport and Recreation Ground have expanded their use. The Eric Farrow Pavilion is now capable of supporting catering needs and the larger hall can now be used for daytime movie screening.



Wetlands Park



Junior Basketball at Wagin Recreation
Centre

SHIRE OF WAGIN



FINANCIAL REPORT FOR THE YEAR ENDED 30 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 Wagin 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 Wagin 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 29th day of September 2011



Len Calneggia
Chief Executive Officer

Shire of Wagin
Annual Report 2010/2011

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

	NOTE	2011 \$	2011 Budget \$	2010 \$
REVENUE				
Rates	22	1,569,881	1,578,064	1,481,771
Operating Grants & Subsidies	28	1,578,501	1,218,135	2,383,307
Contributions Reimbursements & Donations		250,233	137,814	248,242
Fees and Charges	27	482,218	497,737	507,219
Interest Earnings	2(a)	121,609	93,248	76,458
Other Revenue		155,294	132,160	144,503
		<u>4,157,736</u>	<u>3,657,158</u>	<u>4,841,500</u>
EXPENSES				
Employee Costs		(1,698,878)	(1,703,668)	(1,727,878)
Materials and Contracts		(1,346,815)	(1,393,747)	(1,786,301)
Utility Charges		(240,456)	(233,330)	(225,023)
Depreciation on Non-Current Assets	2(a)	(1,012,328)	(901,438)	(876,455)
Interest Expenses	2(a)	(35,630)	(35,630)	(38,513)
Insurance Expenses		(79,067)	(81,288)	(72,800)
Other Expenditure		(102,626)	(207,057)	(213,243)
		<u>(4,515,800)</u>	<u>(4,556,158)</u>	<u>(4,940,213)</u>
		(358,064)	(899,000)	(98,713)
Non-Operating Grants & Subsidies				
Contributions Reimbursements & Donations	28	1,021,327	1,827,012	321,928
Profit on Asset Disposals	20	28,003	208,880	36,900
Loss on Asset Disposal	20	(13,254)	(6,200)	(7,309)
NET RESULT		678,012	1,130,692	252,806
Other Comprehensive Income				
Changes on revaluation of net current assets	7	0	0	3,893,170
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>3,893,170</u>
TOTAL COMPREHENSIVE INCOME		<u><u>678,012</u></u>	<u><u>1,130,692</u></u>	<u><u>4,145,976</u></u>

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

Shire of Wagin
Annual Report 2010/2011

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

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,390,259	2,216,746
Trade and Other Receivables	4	318,187	215,790
Inventories	5	43,861	41,960
TOTAL CURRENT ASSETS		<u>2,752,307</u>	<u>2,474,496</u>
NON-CURRENT ASSETS			
Other Receivables	4	179,864	181,616
Inventories	5	0	175,714
Property, Plant and Equipment	6	6,752,419	6,172,077
Infrastructure	7	19,974,514	19,730,550
TOTAL NON-CURRENT ASSETS		<u>26,906,797</u>	<u>26,259,957</u>
TOTAL ASSETS		<u>29,659,104</u>	<u>28,734,453</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	510,195	407,064
Long Term Borrowings	9	53,874	44,526
Provisions	10	352,371	323,132
TOTAL CURRENT LIABILITIES		<u>916,440</u>	<u>774,722</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	622,389	526,263
Provisions	10	22,108	13,313
TOTAL NON-CURRENT LIABILITIES		<u>644,497</u>	<u>539,576</u>
TOTAL LIABILITIES		<u>1,560,937</u>	<u>1,314,298</u>
NET ASSETS		<u>28,098,167</u>	<u>27,420,155</u>
EQUITY			
Retained Surplus		23,166,985	22,432,032
Reserves - Cash Backed	11	1,038,012	1,094,953
Reserves - Asset Revaluation	12	3,893,170	3,893,170
TOTAL EQUITY		<u>28,098,167</u>	<u>27,420,155</u>

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

Shire of Wagin
Annual Report 2010/2011

**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	22,452,147	822,032	0	23,274,179
Net Result	252,806	0	0	252,806
Total Other Comprehensive Income	0		3,893,170	3,893,170
Reserve Transfers	(272,921)	272,921	0	0
Balance as at 30 June 2010	22,432,032	1,094,953	3,893,170	27,420,155
Net Result	678,012	0	0	678,012
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	56,941	(56,941)	0	0
Balance as at 30 June 2011	23,166,985	1,038,012	3,893,170	28,098,167

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

Shire of Wagin
Annual Report 2010/2011

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
Cash Flows From Operating Activities				
Receipts				
Rates		1,524,902	1,578,064	1,458,301
Operating Grants, Subsidies		1,578,501	1,228,135	2,383,307
Contribution Reimbursements & Donations		250,233	137,814	248,242
Fees and Charges		397,066	511,446	867,585
Interest Earnings		121,609	93,248	76,458
Goods and Services Tax		190,000	150,000	120,000
Other Revenue		155,294	132,160	144,502
		<u>4,217,605</u>	<u>3,830,867</u>	<u>5,298,395</u>
Payments				
Employee Costs		(1,650,149)	(1,703,668)	(1,665,410)
Materials and Contracts		(1,100,052)	(1,469,049)	(1,734,594)
Utility Charges		(240,456)	(233,330)	(225,023)
Insurance Expenses		(79,067)	(81,288)	(72,800)
Interest expenses		(34,196)	(35,630)	(38,999)
Goods and Services Tax		(150,000)	(150,000)	(147,816)
Other Expenditure		(102,626)	(207,057)	(213,242)
		<u>(3,356,546)</u>	<u>(3,880,022)</u>	<u>(4,097,884)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>861,059</u>	<u>(49,155)</u>	<u>1,200,511</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	(18,549)
Payments for Purchase of Property, Plant & Equipment		(1,062,136)	(2,578,458)	(714,891)
Payments for Construction of Infrastructure		(787,524)	(1,235,020)	(432,629)
Transfer to Inventories		(175,714)	0	18,549
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		1,021,327	1,827,012	321,928
Proceeds from Sale of Plant & Equipment		203,489	662,000	129,428
Net Cash Provided By (Used In) Investing Activities		<u>(800,558)</u>	<u>(1,324,466)</u>	<u>(696,164)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(44,526)	(44,526)	(41,643)
Proceeds from Self Supporting Loans		7,538	7,538	7,038
Proceeds from New Debentures		150,000	400,000	0
Net Cash Provided By (Used In) Financing Activities		<u>113,012</u>	<u>363,012</u>	<u>(34,605)</u>

Shire of Wagin
Annual Report 2010/2011

Net Increase (Decrease) in Cash Held	173,513	(1,010,609)	469,742
Cash at Beginning of Year	2,216,746	2,216,546	1,747,004
Cash and Cash Equivalents			
at the End of the Year	13(a) <u>2,390,259</u>	<u>1,205,937</u>	<u>2,216,746</u>

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

Shire of Wagin
Annual Report 2010/2011

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$
REVENUE			
Governance		18,696	5,800
General Purpose Funding		1,804,906	1,464,732
Law, Order, Public Safety		97,224	71,045
Health		70,269	73,520
Education and Welfare		350,357	315,072
Community Amenities		263,646	258,500
Recreation and Culture		62,005	583,823
Transport		763,673	978,517
Economic Services		67,328	61,950
Other Property and Services		139,081	302,027
		<u>3,637,185</u>	<u>4,114,986</u>
EXPENSES			
Governance		(338,868)	(326,311)
General Purpose Funding		(299,824)	(310,286)
Law, Order, Public Safety		(153,720)	(168,287)
Health		(230,277)	(246,050)
Education and Welfare		(414,354)	(466,661)
Community Amenities		(423,984)	(509,389)
Recreation & Culture		(661,863)	(680,925)
Transport		(1,554,740)	(1,412,516)
Economic Services		(195,581)	(182,464)
Other Property and Services		(255,843)	(259,469)
		<u>(4,529,054)</u>	<u>(4,562,358)</u>
Net Operating Result Excluding Rates		(891,869)	(447,372)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(14,749)	(202,680)
Movement in Accrued Interest		1,434	0
Movement in Deferred Pensioner Rates (Non-Current)		(6,322)	0
Movement in Accrued Salaries and Wages		10,695	0
Movement in Employee Benefit Provisions		38,034	0
Depreciation and Amortisation on Assets		1,012,328	901,438
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	0
Purchase Land and Buildings		(615,978)	(2,016,700)
Purchase Infrastructure Assets - Roads		(771,644)	(764,335)
Purchase Infrastructure Assets - Other		(15,880)	(470,685)
Purchase Plant and Equipment		(398,583)	(471,258)
Purchase Furniture and Equipment		(47,575)	(90,500)
Proceeds from Disposal of Assets		203,489	662,000
Repayment of Debentures		(44,526)	(44,526)
Proceeds from New Debentures		150,000	400,000
Self-Supporting Loan Principal Income		7,538	7,538
Transfers to Reserves (Restricted Assets)		(201,559)	(582,548)
Transfers from Reserves (Restricted Assets)		258,500	521,563
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		987,444	1,020,000
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		1,230,658	0
Amount Required to be Raised from Rates	22	<u>(1,569,881)</u>	<u>1,578,064</u>

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

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

Collectability 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

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

SIGNIFICANT ACCOUNTING POLICIES

1. (Continued)

(g) Fixed Assets (Continued)

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.

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 & Office Equipment	10	years
Computer & Electronic Equipment	3	years
Plant & Equipment	10	years
Trucks	7	years
Sedans	4	years
Other Plant & Equipment	10	years

Infrastructure Assets

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

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

SIGNIFICANT ACCOUNTING POLICIES

1. (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

The following Infrastructure Assets are not depreciated:

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

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

Street Furniture
Pedestrian/Bus Shelters
Street Signs

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 \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(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.

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

SIGNIFICANT ACCOUNTING

1. POLICIES (Continued)

Financial Instruments

(h) (Continued)

Classification and Subsequent Measurement (Continued)

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

(b) 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.

**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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 equal to the present

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.

(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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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

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.

**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.

**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.

**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.

**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.

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

2. REVENUE AND EXPENSES	2011 \$	2010 \$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities include			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit	10,562	15,535	
This significant expense in both years relates to			
Depreciation			
Buildings	96,166	90,777	
Furniture and Equipment	78,596	67,085	
Plant and Equipment	293,654	288,781	
Infrastructure	543,560	429,460	
Tools	352	352	
	1,012,328	876,455	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 21(a)</i>)	35,630	38,513	
	35,630	38,513	
Rental Charges			
- Operating Leases	41,303	41,303	
(ii) Crediting as Revenue:			
	2011 \$	2011 Budget \$	2010 \$
Interest Earnings			
Investments			
- Reserve Funds	63,060	54,748	34,513
- Other Funds	43,664	27,000	30,747
Other Interest Revenue (<i>refer note 26</i>)	14,885	11,500	11,198
	121,609	93,248	76,458

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

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

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

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

OTHER PROPERTY AND SERVICES

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

Shire of Wagin
Annual Report 2010/2011

**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

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-09 \$	Received (+) 2009/10 \$	Expended (#) 2009/10 \$	Adjustment \$	Closing Balance (*) 30-Jun-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Adjustment \$	Closing Balance 30-Jun-11 \$
Community Aged Care Packages	Education & Welfare	33,018	11,419	(2,865)	0	41,572	0	(1,431)	(314)	39,827
Roads to recovery	Transport	0	242,563	(242,563)	0	0	242,563	(242,563)	0	0
Beaufort Rd Bridge Grant	Transport	116,419	0	(53,627)	0	62,792	0	(21,712)	0	41,080
Piesseville Tarwonga Bridge	Transport	0	384,000	(200,000)	0	184,000	0	(184,000)	0	0
Regional Refuse Group	Community Amenities	121,148	255,000	(271,799)	0	104,349	0	(42,874)	0	61,475
Community Water Group	Recreation & Culture	3,075	0	(3,075)	0	0	0	0	0	0
Choose Respect	Law, Order & Public Safety	2,422	0	(2,422)	0	0	0	0	0	0
Crime Prevention Grant & Youth Action Group	Law, Order & Public Safety	8,552	0	0	5,448	14,000	0	(2,000)	0	12,000
Community Safety Fund - CCTV	Law, Order & Public Safety	0	25,000	0	0	25,000	0	(10,375)	0	14,625
Community Safety Fund - CCTV Stage 2	Law, Order & Public Safety	0	0	0	0	0	25,000	0	0	25,000
Community Partnership - Go Karts	Law, Order & Public Safety	0	3,000	(2,500)	0	500	0	(500)	0	0
Designing Safer Communities - Safety House	Law, Order & Public Safety	9,602	0	(3,068)	(772)	5,762	0	(5,762)	0	0
Royalties for Regions 2008 / 2009	General Purpose Funding	100,581	0	(100,581)	0	0	0	0	0	0
RLCIP 08/09	General Purpose Funding	87,264	0	(87,264)	0	0	0	0	0	0
RLCIP 09/10	General Purpose Funding	0	30,000	(30,000)	0	0	0	0	0	0
Speed Alert Monitor Trailer	Law, Order & Public Safety	13,647	0	(11,389)	0	2,258	0	(2,258)	0	0
Royalties for Regions 2009 / 2010	General Purpose Funding	0	35,000	(1,730)	0	33,270	0	(33,270)	0	0
Royalties for Regions 2010 / 2011	General Purpose Funding	0	0	0	0	0	394,637	(115,900)	0	278,737
RLCIP 10/11	General Purpose Funding	0	0	0	0	0	30,000	0	0	30,000
Club Development Officer 2010/2011	Recreation & Culture	0	0	0	0	0	10,000	(6,670)	0	3,330

Shire of Wagin
Annual Report 2010/2011

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

2. REVENUE AND EXPENSES (Continued)

Conditions Over Grants/Contributions (c) (Continued)		Opening Balance (*)	Received (+)	Expended (#)	Adjustment	Closing Balance (*)	Received (+)	Expended (#)	Adjustment	Closing Balance
Grant/Contribution	Function/ Activity	1-Jul-09	2009/10	2009/10		30-Jun-10	2010/11	2010/11		30-Jun-11
		\$	\$	\$	\$	\$	\$	\$	\$	\$
2010/2011 Dry Season Assistance	Education & Welfare	0	0	0	0	0	20,000	(6,725)	0	13,275
OCP Keep it Safe Initiative	Law, Order & Public Safety	0	0	0	0	0	2,900	0	0	2,900
LTFP / Asset Mgmt Grant	General Purpose Funding	0	0	0	0	0	25,000	0	0	25,000
Reconciliation Action Plan	Other Property & Services	0	0	0	0	0	3,000	(109)	0	2,891
Seniors Advocacy Grant	Education & Welfare	0	0	0	0	0	8,125	0	0	8,125
Total		535,723	985,982	(1,012,883)	4,676	473,503	761,225	-676,149	(314)	598,989

**Total
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.

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

	2011 \$	2010 \$
3. CASH AND CASH EQUIVALENTS		
Cash on Hand - Municipal	753,258	648,290
Restricted	1,637,001	1,568,456
	2,390,259	2,216,746
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	72,986	69,012
Plant Reserve	187,088	148,534
Municipal Buildings Reserve	45,868	255,172
Recreation & Development Reserve	248,437	230,181
Administration Centre Furniture & Equipment Reserve	2,080	1,967
Recreation Centre Equipment Reserve	6,098	4,064
Aerodrome Maintenance & Development Reserve	1,752	1,656
Land Development Reserve	131,720	73,488
Community Bus Reserve	46,875	41,681
HACC Plant & Leave Reserve	121,174	112,684
Refuse Waste Management Reserve	60,690	31,944
5 Arnott Street Maint Reserve	5,914	5,592
Wagin Water Management Plan Reserve	107,330	118,978
Unexpended Grants	598,989	473,503
	1,637,001	1,568,456
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	139,510	100,853
Provision for Doubtful Debts - Rates	(58,789)	(51,151)
Sundry Debtors	231,035	137,793
Provision for Doubtful Debts -Sundry Debtors	(1,643)	(1,191)
GST Receivable	0	21,948
Loans - Clubs/Institutions	8,074	7,538
	318,187	215,790
Non-Current		
Rates Outstanding - Pensioners	52,715	46,392
Loans - Clubs/Institutions	127,149	135,224
	179,864	181,616
5. INVENTORIES		
Current		
Fuel and Materials	43,861	41,960
	43,861	41,960
Non-Current		
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	175,714
	0	175,714

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

	2011 \$	2010 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	6,474,429	5,711,261
Less Accumulated Depreciation	<u>(1,585,478)</u>	<u>(1,489,312)</u>
	4,888,951	4,221,949
Furniture and Equipment - Cost	1,059,185	1,011,611
Less Accumulated Depreciation	<u>(624,300)</u>	<u>(545,705)</u>
	434,885	465,906
Plant and Equipment - Cost	2,847,602	2,776,050
Less Accumulated Depreciation	<u>(1,421,483)</u>	<u>(1,294,644)</u>
	1,426,119	1,481,406
Tools - Cost	11,355	11,355
Less Accumulated Amortisation	<u>(8,891)</u>	<u>(8,539)</u>
	2,464	2,816
	<u>6,752,419</u>	<u>6,172,077</u>

**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 1 July 2010	4,221,949	465,906	1,481,406	2,816	6,172,077
Additions	615,978	47,575	398,583	0	1,062,136
(Disposals)	(28,524)	0	(160,216)	0	(188,740)
Depreciation (Expense)	(96,166)	(78,596)	(293,654)	(352)	(468,768)
Other Movements	175,714	0			175,714
Carrying amount at the end of year	<u>4,888,951</u>	<u>434,885</u>	<u>1,426,119</u>	<u>2,464</u>	<u>6,752,419</u>

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

	2011	2010
	\$	\$
7. INFRASTRUCTURE		
Roads - management valuation 2011	27,392,465	26,620,821
Roads - Cost	0	0
Less Accumulated Depreciation	(7,837,594)	(7,305,136)
	19,554,871	19,315,685
Infrastructure Other - Cost	550,113	534,233
Less Accumulated Depreciation	(130,470)	(119,368)
	419,643	414,865
	19,974,514	19,730,550

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.

**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.

	Roads \$	Other \$	Total \$
Balance as at 1 July 2010	19,315,685	414,865	19,730,550
Additions	771,644	15,880	787,524
Revaluation - Increments	0	0	0
- (Decrements)	0	0	0
Depreciation (Expense)	(532,458)	(11,102)	(543,560)
Balance as at 30 June 2011	19,554,871	419,643	19,974,514

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

This policy accords with the requirements of AASB 116

**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	457,511	384,561
GST Payable	18,052	0
Accrued Interest on Debentures	2,644	1,210
Accrued Salaries and Wages	31,988	21,293
	<u>510,195</u>	<u>407,064</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>53,874</u>	<u>44,526</u>
	<u>53,874</u>	<u>44,526</u>
Non-Current		
Secured by Floating Charge Debentures	<u>622,389</u>	<u>526,263</u>
	<u>622,389</u>	<u>526,263</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	176,372	158,490
Provision for Long Service Leave	<u>175,999</u>	<u>164,642</u>
	<u>352,371</u>	<u>323,132</u>
Non-Current		
Provision for Long Service Leave	<u>22,108</u>	<u>13,313</u>
	<u>22,108</u>	<u>13,313</u>

**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) Leave Reserve			
Opening Balance	69,012	69,012	66,231
Amount Set Aside / Transfer to Reserve	3,974	3,451	2,781
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>72,986</u>	<u>72,463</u>	<u>69,012</u>
(b) Plant Reserve			
Opening Balance	148,534	148,534	91,205
Amount Set Aside / Transfer to Reserve	38,554	27,427	57,329
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>187,088</u>	<u>175,961</u>	<u>148,534</u>
(c) Municipal Building Reserve			
Opening Balance	255,172	255,172	244,890
Amount Set Aside / Transfer to Reserve	30,696	287,758	10,282
Amount Used / Transfer from Reserve	<u>(240,000)</u>	<u>(240,000)</u>	<u>0</u>
	<u>45,868</u>	<u>302,930</u>	<u>255,172</u>
(d) Recreation and Development Reserve			
Opening Balance	230,181	230,181	216,108
Amount Set Aside / Transfer to Reserve	18,256	16,509	14,073
Amount Used / Transfer from Reserve	<u>0</u>	<u>(155,363)</u>	<u>0</u>
	<u>248,437</u>	<u>91,327</u>	<u>230,181</u>
(e) Administration Centre Furniture & Equipment Reserve			
Opening Balance	1,967	1,967	1,888
Amount Set Aside / Transfer to Reserve	113	98	79
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,080</u>	<u>2,065</u>	<u>1,967</u>
(f) Recreation Centre Equipment Reserve			
Opening Balance	4,064	4,064	7,931
Amount Set Aside / Transfer to Reserve	2,034	2,003	2,133
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(6,000)</u>
	<u>6,098</u>	<u>6,067</u>	<u>4,064</u>
(g) Aerodrome Maintenance & Development Reserve			
Opening Balance	1,656	1,656	1,589
Amount Set Aside / Transfer to Reserve	96	83	67
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,752</u>	<u>1,739</u>	<u>1,656</u>

**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) Leave Reserve			
Opening Balance	69,012	69,012	66,231
Amount Set Aside / Transfer to Reserve	3,974	3,451	2,781
Amount Used / Transfer from Reserve	0	0	0
	<u>72,986</u>	<u>72,463</u>	<u>69,012</u>
(b) Plant Reserve			
Opening Balance	148,534	148,534	91,205
Amount Set Aside / Transfer to Reserve	38,554	27,427	57,329
Amount Used / Transfer from Reserve	0	0	0
	<u>187,088</u>	<u>175,961</u>	<u>148,534</u>
(c) Municipal Building Reserve			
Opening Balance	255,172	255,172	244,890
Amount Set Aside / Transfer to Reserve	30,696	287,758	10,282
Amount Used / Transfer from Reserve	(240,000)	(240,000)	0
	<u>45,868</u>	<u>302,930</u>	<u>255,172</u>
(d) Recreation and Development Reserve			
Opening Balance	230,181	230,181	216,108
Amount Set Aside / Transfer to Reserve	18,256	16,509	14,073
Amount Used / Transfer from Reserve	0	(155,363)	0
	<u>248,437</u>	<u>91,327</u>	<u>230,181</u>
(e) Administration Centre Furniture & Equipment Reserve			
Opening Balance	1,967	1,967	1,888
Amount Set Aside / Transfer to Reserve	113	98	79
Amount Used / Transfer from Reserve	0	0	0
	<u>2,080</u>	<u>2,065</u>	<u>1,967</u>
(f) Recreation Centre Equipment Reserve			
Opening Balance	4,064	4,064	7,931
Amount Set Aside / Transfer to Reserve	2,034	2,003	2,133
Amount Used / Transfer from Reserve	0	0	(6,000)
	<u>6,098</u>	<u>6,067</u>	<u>4,064</u>
(g) Aerodrome Maintenance & Development Reserve			
Opening Balance	1,656	1,656	1,589
Amount Set Aside / Transfer to Reserve	96	83	67
Amount Used / Transfer from Reserve	0	0	0
	<u>1,752</u>	<u>1,739</u>	<u>1,656</u>

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

	2011 \$	2011 Budget \$	2010 \$
11. RESERVES - CASH BACKED (Continued)			
(h) Land Development Reserve			
Opening Balance	73,488	73,488	22,542
Amount Set Aside / Transfer to Reserve	58,232	203,675	50,946
Amount Used / Transfer from Reserve	0	(100,000)	-
	<u>131,720</u>	<u>177,163</u>	<u>73,488</u>
(i) Community Bus Reserve			
Opening Balance	41,681	41,681	37,478
Amount Set Aside / Transfer to Reserve	5,194	5,084	4,203
Amount Used / Transfer from Reserve	0	0	0
	<u>46,875</u>	<u>46,765</u>	<u>41,681</u>
(j) HACC Plant & Leave Reserve			
Opening Balance	112,684	112,684	93,748
Amount Set Aside / Transfer to Reserve	8,490	5,634	18,936
Amount Used / Transfer from Reserve	0	0	0
	<u>121,174</u>	<u>118,318</u>	<u>112,684</u>
(k) Refuse site/ Waste Management Reserve			
Opening Balance	31,943	31,943	32,000
Amount Set Aside / Transfer to Reserve	28,747	24,597	41,344
Amount Used / Transfer from Reserve	0	0	(41,400)
	<u>60,690</u>	<u>56,540</u>	<u>31,944</u>
(l) 5 Arnott St Maintenance Reserve			
Opening Balance	5,592	5,592	6,422
Amount Set Aside / Transfer to Reserve	322	280	270
Amount Used / Transfer from Reserve	0	(1,200)	(1,100)
	<u>5,914</u>	<u>4,672</u>	<u>5,592</u>
(m) Wagin Water Management Plan Reserve			
Opening Balance	118,978	118,978	0
Amount Set Aside / Transfer to Reserve	6,852	5,949	118,978
Amount Used / Transfer from Reserve	(18,500)	(25,000)	0
	<u>107,330</u>	<u>99,927</u>	<u>118,978</u>
TOTAL CASH BACKED RESERVES	<u>1,038,012</u>	<u>1,155,937</u>	<u>1,094,953</u>

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

11. RESERVES - CASH BACKED (Continued)

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

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

Leave Reserve

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

Plant Reserve

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

Municipal Buildings Reserve

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

Recreation & Development Reserve

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

Administration Centre Furniture & Equipment Reserve

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

Recreation Centre Equipment Reserve

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

Aerodrome Maintenance & Development Reserve

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

Land Development Reserve

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

Community Bus Reserve

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

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

11. RESERVES - CASH BACKED (Continued)

HACC Plant & Leave Reserve

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

Refuse Site / Waste Management

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

5 Arnott Street Maintenance

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

Wagin Water Management Plan Reserve

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

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

12. RESERVES - ASSET REVALUATION

2011

2010

\$

\$

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) **Roads**

Balance as at 1 July 2010	3,893,170	0
Revaluation Increment	0	3,893,170
Revaluation Decrement	0	0
Balance as at 30 June 2011	3,893,170	3,893,170

(b) **TOTAL ASSET REVALUATION RESERVES**

3,893,170

3,893,170

**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	2,390,259	1,205,935	2,216,746

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

Net Result	678,012	1,130,692	252,806
Depreciation	1,012,328	901,438	876,455
(Profit)/Loss on Sale of Asset	(14,749)	(202,680)	(29,591)
(Increase)/Decrease in Receivables	(108,183)	23,709	314,948
(Increase)/Decrease in Inventories	173,813	(3,041)	(21,368)
Increase/(Decrease) in Payables	103,131	(72,261)	75,197
Increase/(Decrease) in Employee Provisions	38,034	0	53,992
Grants/Contributions for the Development of Assets	(1,021,327)	(1,827,012)	(321,928)
Net Cash from Operating Activities	861,059	(49,155)	1,200,511

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	14,000	14,000
Credit Card Balance at Balance Date	(931)	(1,528)
Total Amount of Credit Unused	13,069	12,472
Loan Facilities		0
Loan Facilities - Current	53,874	44,526
Loan Facilities - Non-Current	622,389	526,263
Total Facilities in Use at Balance Date	676,263	570,789
Unused Loan Facilities at Balance Date	0	0

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

14. CONTINGENT LIABILITIES

Council has no Contingent Liabilities as at 30th June 2011

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

Council has no Finance Lease or Hire Purchase Commitments as at 30th June 2011

(b) Operating Lease Commitments

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

	2011	2010
	\$	\$
Payable:		
- not later than one year	41,307	41,307
- later than one year but not later than five years	66,824	108,119
- later than five years	<u>0</u>	<u>0</u>
	<u><u>108,131</u></u>	<u><u>149,426</u></u>

(c) Capital Expenditure Commitments

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

16. JOINT VENTURE

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

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2011	2010
	\$	\$
Governance	716,318	665,792
General Purpose Funding	327,448	100,853
Law, Order, Public Safety	185,445	135,535
Health	300,858	292,703
Education and Welfare	345,682	188,476
Community Amenities	217,941	174,070
Recreation and Culture	3,106,625	2,859,803
Transport	21,250,186	21,059,962
Economic Services	314,564	110,960
Other Property and Services	1,242,333	762,474
Unallocated	<u>1,651,704</u>	<u>2,383,825</u>
	<u><u>29,659,104</u></u>	<u><u>28,734,453</u></u>

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

18. FINANCIAL RATIOS	2011	2010	2009
Current Ratio	1.37	1.60	1.60
Untied Cash to Unpaid Trade Creditors Ratio	1.74	1.68	0.49
Debt Ratio	0.05	0.05	0.05
Debt Service Ratio	0.02	0.02	0.02
Gross Debt to Revenue Ratio	0.16	0.12	0.13
Gross Debt to Economically Realisable Assets Ratio	0.07	0.06	0.07
Rate Coverage Ratio	0.31	0.29	0.26
Outstanding Rates Ratio	0.08	0.06	0.06

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

**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 (\$)	Adjustment	Balance 30-Jun-11 \$
Deposits - Town Hall	1,000	2,800	(2,950)	0	850
Deposits - Community Bus	450	1,800	(2,100)	0	150
Deposits - Rec Centre	500	5,100	(4,200)	0	1,400
Deposits - Animal Trap	0	675	(625)	0	50
BCITF	0	2,949	(2,949)	0	0
BRB	0	1,053	(1,053)	0	0
Other Deposits	1,228	0	(229)	0	999
Unclaimed Money	1,433	0	0	300	1,733
In Lieu of Public Open Space	8,200	0	0	0	8,200
Refuse Site Keys	20	0	0		20
Licensing Takings	5,354	1,012,531	(1,011,171)	0	6,714
	18,185	1,026,908	(1,025,277)	300	20,116

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

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 \$
Governance						
Holden Statesman - W.1	27,428	28,000	22,727	26,000	(4,701)	(2,000)
Holden Colorado - W.001	23,629	24,500	23,182	25,000	(447)	500
Ford Focus - W10000	10,096	10,200	12,727	12,000	2,631	1,800
Health						
Ford Territory - W1479	17,954	18,000	18,182	22,000	228	4,000
Recreation and Culture						
Mitsubishi Triton Tipper - W1010	8,903	9,000	6,818	7,500	(2,085)	(1,500)
Mitsubishi Triton Utility - W1022	5,296	5,400	4,545	5,500	(751)	100
Mitsubishi Triton Utility - W1007	0	9,000	0	7,500	0	(1,500)
Mitsubishi Triton Tipper - W1001	5,159	5,400	5,000	5,500	(159)	100
John Deere Mower	2,283	2,200	818	1,000	(1,465)	(1,200)
Transport						
Holden Colorado - W.1008	23,919	24,500	20,273	25,000	(3,646)	500
Iveco Canter	7,967	8,500	11,819	15,000	3,852	6,500
Isuzu 6 Tonne Truck	27,582	30,000	36,489	50,000	8,907	20,000
Other Property & Services						
Lot 68 Marks Court	28,524	28,524	40,909	40,000	12,385	11,476
Other Council Properties	0	256,096	0	420,000	0	163,904
	188,740	459,320	203,489	662,000	14,749	202,680

Shire of Wagin
Annual Report 2010/2011

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

21. 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 \$
Health								
124 Medical Centre	49,872	0	24,071	24,071	25,801	25,801	3,107	3,107
Recreation and Culture								
131 Recreation Centre	121,202	0	5,283	5,283	115,919	115,919	7,662	7,662
133 Wagin Bowling Club**	142,762	0	7,538	7,538	135,224	135,224	9,601	9,601
139 Swimming Pool Redevelopment	0	0	0	0	0	250,000	0	0
Education & Welfare								
137 5 Arnott Street	256,953	0	7,634	7,634	249,319	249,319	15,260	15,260
Other Property & Services								
138 Council Residence	0	150,000	0	0	150,000	150,000	0	0
	570,789	150,000	44,526	44,526	676,263	926,263	35,630	35,630

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

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
138 Council Residence	150,000	150,000	WATC	Debenture	15	84,945	6.27%	150,000	150,000	0

(c) Unspent Debentures

There were no unspent Loan Debenture Funds as at 30th June 2011.

(d) Overdraft

Council did not use an overdraft facility during 2010/11 Financial Year and does not have any overdraft facility in place.

Shire of Wagin
Annual Report 2010/2011

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 \$
Differential General Rate											
Gross Rental Value	0.096735	724	5,966,609	577,217	1,663	0	578,880	577,217	5,000	500	582,717
Unimproved Value	0.005749	341	167,593,500	963,487	923	0	964,410	963,487	2,000	0	965,487
Sub-Totals		1,065	173,560,109	1,540,704	2,586	0	1,543,290	1,540,704	7,000	500	1,548,204
Minimum Rates	Minimum \$										
Gross Rental Value	420	167	317,044	70,140	0	0	70,140	70,140	0	0	70,140
Unimproved Value	420	41	1,838,677	17,220	0	0	17,220	17,220	0	0	17,220
Sub-Totals		208	2,155,721	87,360	0	0	87,360	87,360	0	0	87,360
Specified Area Rate (<i>refer note 23</i>)							1,630,650				1,635,564
							0				0
Discounts (<i>refer note 25</i>)							1,630,650				1,635,564
Totals							(60,769)				(57,500)
							1,569,881				1,578,064

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

23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR

The Shire of Wagin did not levy Specified Area Rates for the 2010/11 financial year.

24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR

The Shire of Wagin did not levy any Service Charges for the 2010/11 financial year.

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

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		60,769	57,500
Rate Assessment	Write-Off		8,090	6,000

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

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		14,885	11,500
Charges on Instalment Plan		5	4,558	4,500
			19,443	16,000

Ratepayers had the option of paying rates in four equal instalments, due on 30th September 2010, 30th November 2010, 31st January 2011 and 30th March 2011. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2011 \$	2010 \$
General Purpose Funding	40,814	37,487
Law, Order, Public Safety	8,320	10,085
Health	5,247	4,593
Education and Welfare	40,215	32,465
Community Amenities	249,063	227,468
Recreation and Culture	38,192	29,116
Economic Services	55,697	42,942
Other Property and Services	44,670	123,063
	<u>482,218</u>	<u>507,219</u>

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

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

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	1,578,501	2,383,307
Non-Operating Grants, Subsidies and Contributions	1,021,327	321,928
	2,599,828	2,705,235
By Program:		
General Purpose Funding	1,565,374	1,114,261
Law, Order, Public Safety	71,632	46,303
Education and Welfare	295,503	270,998
Community Amenities	0	180,000
Recreation and Culture	14,500	3,000
Transport	649,820	967,195
Economic Services	0	118,978
Other Property & Services	3,000	4,500
	2,599,828	2,705,235

29. COUNCILLORS' REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2011 \$	2011 Budget	2010 \$
		\$	
Meeting Fees	4,725	7,000	5,425
President's Allowance	6,000	6,000	6,000
Deputy President's Allowance	1,550	1,550	1,550
Travelling Expenses	2,652	2,500	2,211
	14,927	17,050	15,186

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2011	2010
	25	25

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

**31. MAJOR LAND
TRANSACTIONS**

**Pederick Drive Stage 2 Residential
Subdivision**

(a) Details

Council, in the 2008/2009 financial year, completed the second stage of the Pederick Drive Subdivision and sold one of six residential lots in 2009/2010 and again one lot was sold last financial year.

	2011 \$	2011 Budget \$	2010 \$
(b) Current year transactions			
Operating Revenue			
- Profit on sale	12,385	57,830	16,930
Capital Revenue			
- Sale Proceeds	40,909	200,000	28,525
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	0	0	0

The above capital expenditure is included in land held for resale (refer to this financial report).

There are no liabilities in relation to this land transaction as at 30 June 2011.

(c) Expected Future Cash
Flows

	2011/2012 \$	2012/2013 \$	2013/2014 \$	2014/2015 \$	2015/2016 \$	Total \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	0	0	0	0	0	0
Cash Inflows						
- Loan Proceeds	0	0	0	0	0	0
- Sale Proceeds	160,000	0	0	0	0	160,000
	160,000	0	0	0	0	160,000
	0					
Net Cash Flows	160,000	0	0	0	0	160,000

**32. TRADING UNDERTAKINGS AND MAJOR TRADING
UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

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

**FINANCIAL RISK
33. 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	2,390,259	2,216,746	2,390,259	2,216,746
Receivables	498,051	397,406	498,051	397,406
	<u>2,888,310</u>	<u>2,614,152</u>	<u>2,888,310</u>	<u>2,614,152</u>
Financial Liabilities				
Payables	510,195	407,064	510,195	407,064
Borrowings	676,263	570,789	644,804	543,891
	<u>1,186,458</u>	<u>977,853</u>	<u>1,154,999</u>	<u>950,955</u>

Fair value is determined as follows:

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

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

33. 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	23,903	22,167
- Statement of Comprehensive Income	23,903	22,167

Notes:

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

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

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

FINANCIAL RISK MANAGEMENT

33. (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	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	89.66%	73.00%
- Overdue	10.34%	27.00%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	510,195	0	0	510,195	510,195
Borrowings	95,730	274,210	650,889	1,020,829	675,221
	<u>605,925</u>	<u>274,210</u>	<u>650,889</u>	<u>1,531,024</u>	<u>1,185,416</u>
<u>2010</u>					
Payables	407,064	0	0	407,064	407,064
Borrowings	80,156	239,092	564,891	884,139	570,789
	<u>487,220</u>	<u>239,092</u>	<u>564,891</u>	<u>1,291,203</u>	<u>977,853</u>

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

33. 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								
Payables								
Borrowings								
Fixed Rate								
Debtentures	0	25,801	0	0	0	650,462	676,263	6.35%
Weighted Average Effective Interest Rate	0.00%	7.07%	0.00%	0.00%	0.00%	6.32%		
Year Ended 30 June 2010								
Payables								
Borrowings								
Fixed Rate								
Debtentures	0	0	49,873	0	0	520,916	570,789	6.41%
Weighted Average	0.00%	0.00%	7.07%	0.00%	0.00%	6.34%		

INDEPENDENT AUDIT REPORT TO THE SHIRE OF WAGIN

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Wagin which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

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

Statutory Compliance

During the course of our audit we did not become aware of any instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

Auditor's Opinion

In our opinion:

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

- i) giving a true and fair view of the Shire's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).



BYFIELDS
ASCOT WA

Date: 7/12/2011



D J WOODRUFF CPA
Partner